



Economic and Financial Affairs

DIRECTORATE • GENERAL

DG Economic and Financial Affairs 2013 Management Plan

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1. Mission statement

The mission of the Directorate-General for Economic and Financial Affairs is to contribute to raising the economic welfare of the citizens in the European Union and beyond, notably by developing and promoting policies that ensure sustainable economic growth, a high level of employment, stable public finances and financial stability. At the present juncture, this means working to ensure that the European economy emerges quickly and strongly from the present deep economic and financial crisis. We do this by helping to find the right policy-mix for overcoming the economic and financial crisis and for the EU economy to significantly reduce unemployment and to attain a sustainable growth and convergence in living standards in a stable financial and social environment. At a juncture where the achievement of these objectives also requires a fundamental reassessment of the institutional framework of EMU, the DG makes a central contribution to the development of proposals for deepening EMU through concrete actions to be articulated over the short-, medium-, and long term.

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In pursuing this mission, our core operational objectives are:

- to ensure a smooth functioning of the EU's Economic and Monetary Union, in good times as in times of crises;
- to prepare the gradual enlargement of the euro area;
- to identify economic and financial challenges at an early stage, to effectively deal with and mitigate risks, and to make the EU economy more resilient to unforeseen external shocks. In this context, we support efforts to safeguard financial stability by establishing and operating an effective system of macro-prudential supervision;
- to support economic prosperity, growth and stability not only within the EU but also at the international level by shaping global economic governance and EU international economic relations with a view to advancing EU interests and putting in place an efficient and robust policy framework conducive to a sustainable and balanced growth of the global economy, supported by an efficient and stable international monetary and financial system;
- to promote economic and financial efficiency in the design of other EU policies and in the functioning of a broad range of markets, with a particular attention to addressing innovation, growth and global challenges like climate change.
- to promote the design and efficient implementation of financial instruments to promote growth and employment through the blending of EU budgetary resources with the balance sheet capacity and expertise of the EIB, EBRD, national public institutions and IFIs.
- to provide a thorough reassessment of the institutional framework underpinning EMU and contribute to the development of a roadmap spelling out the concrete elements required for a genuine and well-functioning EMU in the light of the experience of recent years.

Our Directorate-General aims at implementing a broad-based approach to conducting economic, budgetary, structural and financial surveillance, as a basis for timely policy assessment and policy advice.

In pursuing our objectives, we act under the responsibility of the Vice President for Economic and Monetary Affairs and the Euro and the College of Commissioners and cooperate closely with other Commission Services. Our main stakeholders are the Council of Economics and Finance Ministers in the EU (ECOFIN-Council), the Eurogroup and the European Parliament. Other major interlocutors within the EU are Member State authorities and the European Central Bank (ECB). At the international level, we work closely with partner third countries and relevant international bodies, like the G8, the

G20, the IMF and the OECD. Within our means, we strive to strengthen the EU's influence in international economic and financial matters by achieving a high degree of coordination of Member States' positions and by promoting a single EU voice. We interact with the academic community, market analysts and professional economists to foster EU positions and feed the debate on a broad range of economic policy issues.

In shaping consistent economic policies at EU level, we base ourselves on the rules provided for in the TFEU or in relevant secondary legislation, notably the Stability and Growth Pact/ Excessive Deficit Procedure, the Macro-economic Imbalances Procedure, and the Broad Economic Policy Guidelines.

In order to promote a broad, informed and high quality policy debate based on sound economic analysis, we have an active communication policy and prepare and publish a host of regular reports as well as numerous occasional publications. In cooperation and partnership with Member States, the Directorate-General endeavours to reach out to key stakeholders and multipliers as well as to the general public in order to raise the level of knowledge and support for Economic and Monetary Union and the Euro.

Our Directorate-General maintains close working relations with the EIB Group and the EBRD (representing the EU in their Governance), but also with the World Bank Group and other multilateral development banks, with a view to promoting EU priorities and common positions and ensuring appropriate coordination of the Commission's financial cooperation with these institutions.

We design and implement large-scale macro-financial assistance programmes (often in cooperation with the IMF and the World Bank) to support Member States and partner countries facing severe financial or balance of payments difficulties. We also design and implement, in close cooperation with the EIB, EIF and EBRD, EU-driven investment financing programmes and undertake financial assistance programmes, financial market operations and manage the treasury and assets on behalf of other Commission Services and coordinate through the Task Force for Greece the provision of technical assistance to Greece.

2. This year's challenges

Reining in the crisis of confidence and mobilising all sources of growth and employment

The European Union will need to continue pursuing a bold and comprehensive strategy of economic and financial policies in 2013 and beyond and to take a leap forward in terms of closer integration so as to be able to lock in the progress made in 2012 in halting the crisis of confidence that threatened Economic and Monetary Union and in reducing persisting risks and vulnerabilities further.

The actions to be taken in the year ahead can build on the achievements already made so far: the creation of strong financial backstops; a fully coordinated approach towards strengthening Europe's banks; policies enhancing stability and growth, as well as a robust and integrated economic governance framework. Complemented by actions of the European Central Bank and the European Council decision to enable the direct recapitalisation of banks via ESM once a single supervisory mechanism operates effectively, they have been successful in halting the erosion of confidence that had emerged as a result of negative feedback loops between sovereigns and banks and because of doubts about the very cohesion and integrity of the Euro Area itself. Launching the implementation of a credible roadmap towards deeper Economic and Monetary Union will be the main tool to strengthen confidence further and will therefore be the main priority in the year ahead.

The Commission's blueprint on a deep and genuine EMU has set out the concrete elements required to achieve this. It comprises integrated EU and Euro-Area frameworks for financial supervision and bank resolution (banking union); for budgetary policy, including through joint decision making and forms of fiscal solidarity (fiscal union); and for economic policy coordination ensuring growth, employment, and the smooth functioning of EMU. The immediate priorities are the full deployment of the Six-pack provisions; the rapid adoption of the two-pack and of the Commission's proposal for a Single Supervisory Mechanism to be followed by a proposal for a Single Resolution Mechanism. DG ECFIN envisages a proposal on the systematic ex-ante coordination of major reforms and the creation of an instrument to combine contractual arrangements and financial support to step up these reforms in Member States that are central for the smooth functioning of EMU. While actions with a longer time frame set out in the Commission's blueprint are not for implementation in 2013, it will be important in the course of the year to begin a debate on what is required in the medium- and the long term. DG ECFIN will continue to contribute to this debate on the basis of the Commission's blueprint Communication¹.

As a major step towards the objective of deeper EMU, we will implement a fully-fledged banking union starting with a single EU-level supervisory and regulatory authority that should become operational over the course of 2013. The DG will contribute to the subsequent Commission proposals for a single resolution mechanism. Instituting a banking union will go a long way towards severing the link between banks and sovereigns and fully reverse the re-fragmentation of the single market for financial services that had emerged earlier this year. It will also enable the economically efficient management and resolution of banking crises without imposing a burden on tax payers. In 2013, we aim to make significant progress towards setting down such a framework in close cooperation with DG MARKT. We will continue the work on repairing the financial sector so as to ensure sustainable economic growth. .

As we are committed to put in place the enhanced framework necessary for a genuine Economic and Monetary Union, as outlined in the blueprint (once legislation proposed by the Commission on the two-pack and the Single Supervisory Mechanism is adopted), we will continue to pursue the implementation of strong policies for stabilisation, growth and employment both at the EU level as well as at the level of Member States under the European Semester. In order to achieve the desired positive effects on confidence, policy design and implementation must be credible. Policy makers across the European Union will need to implement the agreed policy strategy with a steady hand over the long haul. They will need to project the determination and capacity to carry through major reforms that will bolster stability

¹ See http://ec.europa.eu/commission_2010-2014/president/news/archives/2012/11/pdf/blueprint_en.pdf

and growth potential. Confidence remains fundamental in view of the continued risk of negative feedback loops between sovereign debt, the financial sector, and economic growth and competitiveness. Although progress has been made and the deterioration in confidence has been halted in the course of 2012, renewed difficulties are not unlikely in the period ahead, which, in the absence of forceful action, could undermine stability in the near term and potential growth and employment over the medium and long term.

As regards fiscal policy, growth-friendly budgetary consolidation that is differentiated between Member States according to their fiscal space remains the valid fiscal strategy for 2013. It will also require an improvement in the quality of public expenditure, at national and EU level, and a reorientation to areas with a positive impact on potential output. This remains crucial for freeing up and mobilising resources for the objectives of the Europe 2020 strategy and for ensuring the pace of fiscal adjustment in line with the Communication on "Common principles on national fiscal correction mechanisms" that contributes to the implementation of SGP/EDP.

There is a pressing need to strengthen economic activity and job creation. Actions by the European Union and by Member States to implement the "Compact for Growth and Jobs" in 2013 and beyond will be critical in averting a "lost-decade" scenario. The steady implementation of deep structural reforms, particularly in countries with the need for adjustment will be needed to restore confidence in the EU's commitment to reform and to enhancing growth potential. In order to bolster economic growth and competitiveness, we need to implement the EU's growth strategy (Europe 2020) in a coordinated fashion to enable a strong recovery from the economic, financial and sovereign debt crises, and to create conditions for sustainable, smart, and inclusive growth that provide us and future generations with a high degree of employment and productivity.

We will closely monitor the policies of countries under adjustment programmes or under market pressure. They must implement agreed reforms forcefully to restore their economies' competitiveness and to return to sustainable public finances, stronger growth and employment. The success of the economic adjustment programmes with Greece, Portugal, Cyprus and Ireland, and tackling crises in other euro area Member States is essential to the stability of the euro area. We will contribute to positive outcomes through regular programme reviews and monitoring under the framework created in 2010. To deliver on this, we have been strengthening further our capacity to design, implement, and monitor economic and financial adjustment programmes in EU and euro area Member States which may need to draw on financial assistance from the relevant mechanisms. We will contribute to ensuring that the existing financial backstops are fully operational to fulfil their function in crisis management. In the case of Greece, these efforts are accompanied by the coordination of technical assistance through the Task Force for Greece (TFGR).

The sovereign debt crisis in individual countries and the lingering risks to the stability of the euro have underlined the interdependence and exposed the vulnerability of Member States' economies in particular in the euro area. In view of this, we will immediately implement and apply the legislation on stronger economic governance that came into force at the end of 2011 as part of the 2012 European Semester. In November 2011 the Commission has proposed additional legislative proposals on enhancing the surveillance of euro area Member States with severe financial disturbances, linking surveillance under EFSF and EFSM to regular surveillance mechanisms and on allowing for close monitoring of national budgetary policies for euro area Member States in excessive deficit procedure. We will aim to facilitate the rapid adoption of this proposal by co-legislators. If adopted, the legislation would lend considerable additional strength and credibility to the effectiveness of economic and budgetary surveillance in the euro area. We will contribute to the work to strengthen the economic governance and the capacity for crisis management in the euro area building on the report presented by the President of the European Council, the President of the Commission, the President of the Euro Group in December 2012. Maintaining partner countries support and confidence in the EU and euro area ability to deal is also essential. DG ECFIN will continue maintaining an open and frank dialogue with partner countries both bilaterally, through our macroeconomic dialogues, and in international fora, explaining the rationale and details of our action.

The Commission's MFF proposal for Europe 2020 set out ways to spend more intelligently and using the budget to leverage investment in strategic areas with EU added value. DG ECFIN has been

instrumental in the introduction of macroeconomic conditionality in the cohesion policies and in supporting DG BUDG in the creation of a new chapter in the Financial Regulation dedicated to financial instruments. DG ECFIN plays a leading role in FIIEG to ensure that the design of all new financial instruments is streamlined and harmonised in order to be manageable on a larger scale and be applicable across policies. Moreover we continue to manage or cooperate to the implementation of the current financial instruments and participate in their evaluation. ECFIN in coordination with MOVE, ENER, CONNECT launched the pilot phase of the EU Project Bonds Initiative. Lessons from the pilot phase will serve to optimise the design of the instrument for the post-2014 period. Finally, ECFIN together with MARKT will continue assessing how the transformation of the financial services sector can best play its role in financing real economy and help to stimulate long-term investment.

The EU's role in international economic relations needs to be strengthened further. The EU has a key role to play at the international level, through its various external financial instruments and through its contribution to policy coordination and multilateral surveillance. At the same time, the European Union and the euro area in particular will need to be more prominent and visible in the emerging new system of global economic governance where the G20 plays an increasingly central role. For example, at the occasion of the increase of IMF resources agreed last June, when the EU has a common view, this can make a difference at the global level. It will therefore be particularly important that, as a matter of principle, the EU and the euro area as a whole speak with a single voice at the international level. While in the longer term the solution should lie in a unified representation of euro area Member States as provided for by the Treaty, it is of the utmost importance to exploit the benefits of the existing significantly strengthened coordination mechanism more fully. Going forward, instead of focusing on internal procedures, it is more urgent to focus on substance in the effectiveness relevant international fora and institutions.

Since the appointment of Commissioner Rehn to Vice-President and the amendment made to Article 23 of the Commission's Rules of Procedure the prior consultation of DG ECFIN is mandatory for any Commission initiative furthering, or having potential impacts on, growth, competitiveness or economic stability in the EU or the euro area so as to ensure an independent analysis. As a consequence of this amendment the degree of DG ECFIN's involvement at inter-service level has intensified significantly in terms of the number of files reviewed in inter-service consultation and in College adoption procedure. Obviously, this has put an additional strain on resources.

We are committed to pursuing the objectives and actions contained in this plan, given the resources and risks, and we will monitor progress throughout the year. We are pleased to report that progress has been made as regards improving the effectiveness of certain internal control standards, notably as regards staff allocation and document management. Also the changes in our internal organisation and notably the interplay between horizontal and country surveillance has increased the efficiency of our operations.

Marco Buti
Director General

3. General objectives with a multi-annual perspective

3.1. Objective "To foster EU growth, employment creation and sustainable development"

The steps to be taken to achieve this objective are:

1. Taking full advantage of EMU's potential, notably by:
 - promoting appropriate policy action in Member States in order to raise their growth potential by facilitating and monitoring economic policy co-ordination and making it more efficient;
 - implementing and strengthening the economic governance framework, in particular for the euro area, in order to promote the pursuit by Member States of sound budgetary positions and of public finances that are sustainable and of high quality in terms of their contribution to growth;
 - enlarging the euro area when the necessary conditions are met;
 - broadening and deepening economic surveillance, including in the areas of external competitiveness and current accounts, in order to detect and address macroeconomic imbalances at an early stage.
2. Making the EU more competitive and strengthening its growth potential within the context of the Europe 2020 strategy, notably by:
 - contributing to the integrated evaluation of the macroeconomic policy aspects of the National Reform Programmes (NRPs) and the Stability and Convergence Programmes prepared by the Member States;
 - analysing the progress made in achieving the Europe 2020 strategy objectives on the basis of indicators and methodologies being developed together with other Commission services and the national authorities;
 - analysing the macro- and micro-economic impact of structural reforms;
 - strengthening surveillance of the implementation of the NRPs by Member States;
 - implementing the market monitoring methodology at the level of Member States and in specific sectors;
 - contributing to the assessment of the functioning of the Single Market and to better functioning of labour, capital and goods and services markets, including the supply and demand of risk capital;
 - translating the climate change, energy efficiency and environmental objectives into a green growth strategy.
3. Evaluating the economic implications of Community policy initiatives, notably by encouraging a more systematic use and conduct of high-quality impact assessment when designing proposals.
4. Assessing the extent to which the smooth functioning of EMU and the EU economy may be affected by macro-financial and/or financial stability risks and help implementing appropriate policy responses.
5. Promoting smart, integrated and flexible financial instruments addressing a range of policy objectives as a means to leverage EU budgetary funds and to foster investment within the framework of the Europe2020 strategy.
6. Strengthening co-operation with the EIB Group and the EBRD and actively participating in their governing bodies.

| Objective: To foster EU growth, employment creation and sustainable development | | |
|--|---|---|
| Impact Indicator | Latest known result | Target (impact) |
| Degree to which Member states record budgetary outturns in line with the Stability and Growth Pact | <p>The aggregated budgetary position of the 27 EU Member States in 2011 is the following:</p> <ul style="list-style-type: none"> • a headline deficit of 4.4% of GDP • a structural deficit, i.e. cyclically-adjusted primary deficit net of one-offs and temporary | The preventive arm of the Stability and Growth Pact is oriented towards attainment by Member States of their medium-term objectives of budgetary positions close to balance or in surplus, which should allow them to deal with normal cyclical fluctuations while keeping the government |

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| | <p>measures, of 3¼% of GDP.</p> <p>In 2011, government finances improved by around 2 pp. of GDP compared to 2010, after a ½ pp. improvement in 2010 compared with 2009. For 2012, a further improvement of the headline balance by more than ¾% of GDP is forecast. The structural balance is also expected to improve by close to 1 pp. of GDP in 2011.</p> | <p>deficit below the reference value of 3% of GDP.</p> <p>However, in the current special circumstances with most Member States in EDP (the corrective arm of the Stability and Growth Pact) due to deficits significantly above the Treaty reference value, an important intermediate target is to correct the excessive deficit.</p> |
| Potential growth/output | <p>The sovereign-debt crisis worsened in the first half of 2012, before a number of significant policy decisions at EU and Member State level brought some calm to financial markets. However, deleveraging of high public and private debt in some Member States, as well as the adjustment of imbalances that emerged in the pre-crisis years will continue to weigh on the prospects for growth and employment in the near future.</p> <p>In autumn 2012, as a result of persistent domestic uncertainty and external weakness, GDP in the EU is projected to stagnate towards the end of the year before recovering very gradually. Based on the assumption that agreed policy measures to combat the sovereign-debt crisis are implemented, confidence is projected to return, and GDP growth is expected to gradually improve and to gain modest momentum in 2014.</p> <p>Developments across Member States remain uneven, however, reflecting differences in the scales of adjustment challenges across economies and on-going rebalancing within the EU and euro area. In particular employment differences are high, with Member States' expected unemployment rates ranging from less than 5 % to more than 25% in 2013. Bearing in mind that it is intrinsically difficult to distinguish cyclical from longer-term developments, estimates based on the Commission's Autumn 2012 Forecast show potential growth recovering to around ¾ % in 2013 and just below 1% by 2014.</p> | <ul style="list-style-type: none"> • Increase in potential output growth. • Prevent recurrence of the negative potential growth trend by promoting the implementation of growth-enhancing measures. |

3.2. Objective "To promote prosperity beyond the EU"

The major areas of DG ECFIN activity relate to:

1. Furthering the enlargement process of the EU by
 - assessing candidate and potential candidate countries' economies including their compliance with the economic accession criteria defined by the Copenhagen European Council;
 - preparing pre-accession countries for future participation in EMU upon accession by the means of the annual economic and fiscal surveillance procedure;
 - strengthening the pre-accession and Stabilisation and Association process in the candidate and potential candidate countries by providing economic and financial analysis and policy advice, by holding regular economic dialogues, and by preparing bi-annual economic forecasts.
2. Fostering the implementation of the EU Neighbourhood Policy and specific policy initiatives towards the neighbour regions (Eastern Partnership, Union for the Mediterranean) by deepening economic analysis and strengthening policy dialogue and advice on the economic aspects of the Action Plans.

3. Developing, monitoring and implementing macro-financial assistance for partner third countries, in co-operation with the relevant international financial institutions.
4. Developing the EU's economic policy regarding third countries, notably by:
 - providing economic monitoring and analysis and policy advice as well as conducting economic dialogue with G20 non EU countries as well as other EFTA, Latin America, Gulf Co-operation Council, Asian and African major partners.
 - providing economic analysis and policy advice on EU development policies in favour of third countries in order to meet the Millennium Development Goals and contributing to the implementation of debt reduction initiatives.
5. Strengthening the external representation of the EU, in particular by reinforcing the role of the Commission in line with the TFEU, in international economic and financial institutions and fora and preparing common positions on issues related to the international monetary system, global surveillance, debt strategy and development and other global issues.
6. Strengthening co-operation in the external field with the EBRD, the EIB, other IFIs and MDBs by (a) actively participating in the governing bodies of the two former while fostering overall EU coordination, (b) co-chairing and driving the work of the "EU Platform for blending in external cooperation" and (c) improving in general the delivery of aid and support to the external world from IFIs and MDBs in support of EU policies in close cooperation with DEVCO, ELARG and EEAS, including through joint instruments.

| Objective: To promote prosperity beyond the EU | | |
|---|---|---|
| Impact Indicator | Latest known result | Target (impact) |
| Progress in countries' compliance with the economic Copenhagen criteria for accession | Compliance with criterion of "being a functioning market economy": Croatia and Turkey, as well as Iceland, meet the criterion, other pre-accession countries do not yet comply. Compliance with the criterion of "being able to withstand competitive pressure and market forces within the EU": to be complied with by Croatia by the date of accession (expected mid-2013). | Full compliance. |
| Countries benefiting from macro-financial assistance achieve a sustainable macro-economic situation | The global financial crisis has continued to challenge the economic stabilisation and external and internal sustainability in a number of countries. Some of these countries may require EU financial support in the near future. Two new macro-financial assistance operations have been prepared recently: Egypt (the operation was not launched, however) and Kyrgyzstan. A number of other countries with a vulnerable balance of payments position and financing arrangements with the IMF may follow later in 2012 and in 2013. | Benefiting countries have seen an increase in their official exchange reserves. |

4. Operational activities

Activity "Economic and Monetary Union"

Economic and Monetary Union has taken the EU a significant step further in its process of economic integration, which started in 1957 when it was founded. Economic and monetary integration brings the benefits of greater size, internal efficiency and robustness to the EU economy as a whole and to the economies of the individual Member States. This, in turn, offers opportunities for economic stability, higher growth and more employment – outcomes of direct benefit to EU citizens. In practical terms, EMU implies:

- Coordination of economic policy-making between Member States
- Coordination of fiscal policies, notably through limits on government debt and deficit
- An independent monetary policy run by the European Central Bank (ECB)
- The single currency and the euro area
- Structural reforms to improve the operation of the EU's goods, services and labour markets

While the benefits of the euro during its first decade of existence were tangible and real for everybody in terms of low and stable price inflation and considerable job creation. The economic crisis a decade later has taken its toll on employment. It has also brought into sharp relief weaknesses and gaps in the institutional framework underpinning EMU. While the challenges and vulnerabilities of the euro area were known and notably described in the EMU@10 report, the crisis amplified the urgency to tackle them. It has also made it necessary to create a framework for providing financial support to Member States of the euro area. These weaknesses and gaps had contributed to the build-up of significant macro-economic imbalances and a divergence in competitiveness across Member States ahead of the crisis. They also made crisis management and resolution significantly more difficult. A reform of the institutional underpinnings of EMU began soon after the 2008 Great Contraction with new legislation on financial supervision and regulation, a new macro-prudential early warning system, and a significant overhaul of economic governance through the legislative package on strengthening economic governance ("Six Pack" legislation), which entered into force in December 2011. The Commission's proposals for a regulation on linking surveillance under EFSF and EFSM with regular surveillance mechanisms in the euro area and on deeper fiscal surveillance for euro area countries in excessive deficit procedure are part of a broad effort to make euro area governance substantially more robust and integrated. With their adoption in autumn 2012/spring 2013, the effectiveness of the surveillance framework for the Euro Area will be further enhanced. They will translate into EU secondary law some of the objectives of the intergovernmental Treaty on Stability, Coordination and Governance in EMU.

In the context of the on-going crisis of confidence it has become clear that more work on the institutional setup of EMU is needed and a leap forward in terms of integration and pooling of sovereignty in budgetary and economic policy making will be necessary to bring back confidence in EMU and the cohesion and sustainability of the Euro Area. ECFIN will contribute to the work to set down the building blocks described in the roadmap report by the four presidents (Euro Summit, Eurogroup, ECB, and Commission) that has been endorsed by the December 2012 European Council. These are, first, steps towards a fully-fledged banking union, comprising a single EU-level supervisory and regulatory authority to become operational in the course of 2013, and subsequently proposals on a single resolution authority and a single deposit guarantee system, as these are the necessary elements of any framework commensurate with the EU's highly integrated financial sector. Secondly, progress towards a fiscal union, including through close co-ordination, joint decision-making, and greater enforcement as well as commensurate steps towards common debt issuance. In 2013, we aim to make significant progress towards setting down such a framework in close cooperation with DG MARKT. At the same time, we will continue the work on repairing the financial sector so as to ensure sustainable economic growth.

1. Objective "Economic Governance": To strengthen the institutional architecture of Economic and Monetary Union and the coordination of economic and budgetary policies for the EU as a whole and for the euro area in particular thereby supporting the achievement of the European Union's objectives for sustainable growth, employment, competitiveness and social cohesion.

Directorate(s) responsible for the implementation of this objective:

Dir A "Policy strategy and co-ordination "

Dir B "Structural reforms and competitiveness"

Dir C "Fiscal policy"

Dir E "Financial stability and monetary affairs"

| Result indicators | Latest known result | Target (result) |
|---|--|---|
| Streamlining the economic policy coordination by bringing intergovernmental processes (Euro Plus pact, TSCG provisions etc.) into a community context | The Commission blueprint set out forthcoming Commission proposals on streamlining the existing economic governance framework and bringing various intergovernmental processes, such as the Euro Plus Pact and provisions under the TSCG successively into a Community context. | Regulation making operational Art. 11 TSCG. |
| Enforceability and effectiveness of macroeconomic conditionality mechanism, striking the right balance between proportionality and deterrent effect | Definition of a methodology for application of macroeconomic conditionality in the next Multiannual Financial Framework. | - Input into negotiations on Macroeconomic Conditionality in the Council and the European Parliament. - Communication on Common Strategic Framework (CSF) funds and economic governance in the 2 nd half of 2013. |
| Strengthening of economic governance by the adoption and implementation of appropriate secondary and primary legislation | Substantive contribution to the COM EMU blueprint. Support of the successful negotiations between the Commission, the European Parliament and Council aiming to facilitate the adoption of the proposed regulation on enhanced budgetary monitoring in the euro area. | -Detailed conceptualisation of the fiscal dimension of a deeper EMU. -Ensure the full implementation of the recently adopted relevant legislation |

Main policy outputs for 2013

- **Banking union/fiscal union**

Work on the analytical underpinning and policy options for developing a fiscal capacity and in particular on instruments to facilitate adjustments to country-specific shocks, and also to facilitate structural reforms which promote competitiveness and potential growth. Analysing to what extent a Treasury function could ultimately be established.

Presenting a Communication on fiscal capacity and in particular on a new stabilisation instrument envisaged for the euro area. That instrument would aim to facilitate adjustments to country-specific shocks by providing for some absorption at the central level, and also to facilitate structural reforms which promote competitiveness and potential growth. Providing the analytical underpinning for why such asymmetric shock absorption at the central level would improve the economic resilience of the EMU, but should precisely not lead to permanent transfers across countries or undermine the incentive to address structural weaknesses. Analysing to what extent such a future fiscal capacity would be able to borrow, and how a Treasury function with clearly defined fiscal responsibilities could be established.

- Euro area governance

Regulation making operational Article 11 of the TSCG on ex ante coordination of major economic reforms in euro area Member States. Follow-up the implementation of the further economic governance legislation adopted (the component of the two-pack relating to fiscal policy).

- Fiscal compact

Continue to ensure the compatibility of the intergovernmental Treaty on Stability, Coordination and Governance with the Community fiscal framework. Prepare the peer review of national fiscal frameworks in the committees.

- Budgetary frameworks directive

Preparing and carrying out the formal compliance assessment in relation to the transposition of the budgetary frameworks Directive 2011/85. Providing transposition guidance to MS where appropriate.

- EU 2020

- The "future of EMU and economic growth perspectives" study (€600,000) tendered in 2012 and which will produce its first results beg/mid 2013. This research project will provide valuable insights on possible further steps to strengthen EMU architecture and address imbalances and financial stability in the Euro Area (EA) and on growth drivers in the EU,

- Determining a methodology for applying macroeconomic conditionality in the next Multiannual Financial Framework, based on the Commission proposal. Providing input into negotiations on the draft Regulation on common provisions for Common Strategic Framework (CSF) funds in the Council and the European Parliament

- Contributing to the preparation of the programming documents for the five CSF funds (Partnership Agreements and Operational Programmes) for the next programming period (2014-2020) with a view to ensuring that interventions supported by these funds will effectively contribute to addressing the structural challenges facing Member States.

2. Objective "Enhanced Integrated Surveillance": To promote the pursuit by Member States of sound macro-economic policies to ensure balanced and sustainable growth and to improve sustainability and quality of public finances, within the context of the EU 2020 strategy and the European Semester.

Directorate(s) responsible for the implementation of this objective:

Dir A "Policy strategy and co-ordination "

Dir B "Structural reforms and competitiveness"

Dir C "Fiscal policy"

Dir E "Financial stability and monetary affairs"

Dir F, G, H "Economies of the Member States"

| Result indicators | Latest known result | Target (result) |
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| <p>Implementation of strengthened fiscal surveillance under the SGP and European Semester.</p> | <p>The legislative package which entered into force by late 2011 has been applied by the Commission immediately, already in the context of the 2012 European Semester.</p> <p>In January 2012 already the Commission published an EDP report covering five Member States after having warned them that short of effective action a sustainable correction of their excessive deficits was clearly at risk and sanctions could be triggered swiftly. The technical detail of the methodologies for the implementation of the new debt and expenditure benchmarks has been developed in 2012, while also a new Code of Conduct was agreed with Member States.</p> <p>In June 2012 the Commission issued a Communication on national fiscal correction mechanisms, contributing to the implementation of the intergovernmental Treaty on Stability, Co-ordination and Governance.</p> <p>Further work has been done on the new methodology for the calculation of medium-term budgetary objectives, which have been agreed with Member States by September 2012.</p> <p>The 'two-pack', covering fiscal policy prominently, was adopted in late 2012.</p> <p>2012 also saw the finalisation of the new round of long-term economic and budgetary projections. Based on the Council mandate, the EPC's Ageing Working Group and the Commission services (DG ECFIN) completed the overall project – the 2012 Ageing Report. On this basis, the 2012 Sustainability Report was equally completed in 2012.</p> <p>Numerous Member States have enacted changes to their fiscal frameworks in response to the directive on national budgetary frameworks.</p> | <p>Implement and apply the fiscal components of all the new economic governance legislation entered into force since late 2011, where necessary by issuing recommendations. Assist and control the transposition of the budgetary frameworks Directive</p> <p>Assist and control the transposition of the budgetary frameworks Directive</p> |
| <p>Proportion of individual Commission recommendations related to the Stability and Growth Pact (SGP) implemented by Member States (contingent upon their adoption by the Council)</p> | <p>23 out of 27 Member States (85%) were in excessive deficit procedure (EDP) at the start of 2012 (all except SE, EE, LU and FI). The state of implementation of the Commission recommendations to the Council to correct the excessive deficit can be summarised as follows:</p> <ul style="list-style-type: none"> • At the beginning of 2012, the EDP was in abeyance for all these Member States, except EL. • In January 2012, the Commission issued a communication and a recommendation for a Council decision establishing inadequate action by HU. Following the adoption of the decision by the Council, the Commission has issued in March a new recommendation for a Council recommendation under Art. 126(7) of the Treaty to correct the excessive deficit (adopted by Council also in March). In May, the Commission issued a communication for the Council on action taken by HU. | <p>Implementation of all Commission recommendations</p> |

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| | <ul style="list-style-type: none"> • In May 2012, following the spring forecast and the Eurostat validation of the spring EDP notification (which showed a deficit below the 3% of GDP reference value), the Commission adopted a recommendation for a Council decision under art. 126(12) of the Treaty abrogating the EDP for DE and BG (adopted by the Council in June 2012). • In July 2012, the Commission issued a recommendation for a new Council recommendation under Art. 126(7) addressed to ES, extending the deadline of to correct the excessive deficit by one year (adopted by the Council also in July). The same procedure was carried out in case of PT: in September the Commission issued a recommendation and a Council recommendation was adopted in October. • For EL, the Commission issued twice a recommendation for a Council decision under Art. 126(9) and Art. 136 (in March and November 2012), both adopted by the Council (in March and December). • In November 2012, following the autumn forecast, the Commission adopted a recommendation for a Council decision under art. 126(12) of the Treaty abrogating the EDP for MT. Council adopted the Decision in December. • In 2013, the Commission will adopt a recommendation for a new Council recommendation for CY under art. 126(7) to correct the excessive deficit by 2014. | |
| <p>Implementation of surveillance on macroeconomic imbalances under the Excessive Imbalances Procedure as part of the European Semester (for the preventive arm).</p> <p>Establishment of key elements of the macroeconomic surveillance as part of the European Semester.</p> | <p>The legislative package was adopted by co-legislators in autumn 2011 and entered into force by mid-December 2011. The Commission has applied the new legislation immediately in the context of the 2012 European Semester. The scoreboard, which forms part of the alert mechanism under Excessive Imbalances Procedure has been discussed by the Council in mid-November 2011. The European Parliament gave its opinion on the scoreboard also in autumn 2011. The Alert Mechanism Report was published on 14 February 2012. Based on the results, the Commission undertook in-depth studies on twelve Member States for which there were potentially harmful macroeconomic imbalances. These in-depth studies assessed the gravity of the imbalances and contributed to the policy recommendations to Member State under the preventive arm of the EIP [the corrective arm was not deployed in 2012].</p> <p>The Commission shall strengthen the analytical tools and frameworks used to identify macroeconomic imbalances at an early stage and to help specific the required policy responses.</p> <p>The Commission undertook further analytical work on the design of the early warning scoreboard in the MIP, with the aim of adding to the scoreboard an additional indicator on the financial sector: this is expected to be completed in autumn (after consulting the EPC and informing the European Parliament and Council).</p> | <ul style="list-style-type: none"> • Implement and apply the economic governance legislation in the 2012 European Semester by issuing recommendations under the preventive arms of SGP and EIP along with other country-specific recommendations by May 2012. Preparation of a second Alert Mechanism Report (already in November 2012) under the EIP. • Improve the analytical frameworks and tools used to conduct surveillance, notably as regards the assessment of the on-going rebalancing, and the specific situation of the surplus countries. |

Main policy outputs for 2013

This objective is pursued by implementing and strengthening budgetary surveillance and to review public finances in relation to the impact of the economic situation and institutional and analytical issues. It includes as well the surveillance of macroeconomic imbalances as a whole via the MIP, the Scoreboard and the In Depth reviews.

Major actions under this objective include:

- Undertaking and presenting without delay the necessary assessments, reports, opinions and recommendations related to public finances to enable the Council to adopt opinions and decisions compliant with the Treaty and secondary legislation;
- Reviewing public finances taking into account the economic situation and institutional and analytical issues: economic outlook, policy-mix, operational and institutional aspects of the implementation of the Stability and Growth Pact, long term sustainability of public finances, quality of public finances, methodological issues linked to the policy making as

well as long-term trends in public finances. This does notably include horizontal reports on Public finances in EMU, Sustainability, Ageing and Taxation.

- Support the negotiations between the European Parliament and Council with the view to facilitate the adoption of the proposed regulation on enhanced budgetary monitoring in the euro area.
- Monitor macroeconomic imbalances in and assess overall progress in re-balancing in the EA. The adoption of the AMR in November 2012 will launch the second round of the MIP implementation in the framework of the European semester.
- Assess Member States' draft budgetary plans and formulate policy recommendations subsequently.
- Preparing and carrying out the formal compliance assessment in relation to the transposition of the budgetary frameworks Directive 2011/85.

Items requiring a Commission decision:

- Possible new steps under the Excessive Deficit Procedure (possibly in conjunction with financial sanctions and/or suspension of Cohesion Fund commitments);
- Commission warnings and recommendations for Council recommendations and decisions (including opinions on stability and convergence programmes) related to the preventive arm of the SGP (possibly in conjunction with the imposition of the milder sanction of an interest-bearing deposit).

2012 will see the finalisation of the new round of long-term economic and budgetary projections. Based on the Council mandate, the EPC's Ageing Working Group plans to complete the overall project – the 2012 Ageing Report - (including final Conference and related publications) by mid-2012. On this basis, the preparation of the 2012 Sustainability Report is envisaged in autumn 2012.

2013 will see further extensive analytical work on long-term fiscal sustainability. A new report on tax reforms in EU Member States is envisaged for the autumn of the same year.

Other outputs that aim to ensure the implementation of a well-coordinated and economically rational Europe 2020 imply include:

- Carrying out further analytical work on the quality of public finances and specifically on the relationship between the composition of fiscal adjustment and growth. That will be done by way of a report and also include drawing the link to national frameworks.
- In the same vein, considering how public investment could be better taken into account when applying the fiscal framework.
- 2013 will see further extensive work on fiscal sustainability, including medium-term government debt projections under different assumptions.

Carrying out further work on the structure and design of tax system:

- The annual "Tax reforms in EU Member States" is scheduled for the autumn, while future rounds of the EPC "Tax dialogue" are envisaged for February and autumn
- Carrying out the peer review of national fiscal frameworks in the committees.
- Presenting a Communication on the conduct of ex ante surveillance of major economic reforms by Member States as proposed by Article 11 of the TSCG. The aim would be to contribute to strengthening the integrated economic policy framework under the European Semester that supports strong economic growth and employment and helps ensure the smooth functioning of EMU.
- Providing effective analytical underpinning for growth and imbalances dimensions of integrated macroeconomic surveillance in the context of the European semester and the EU2020 strategy; Intermediate results and proposals for a long-term analytical work programme on analytical frameworks/tools to be used for surveillance on macroeconomic imbalances in the EIP shall be prepared by mid-2012. This will include further work examining the role of sectorial and geographical composition in determining export performance followed by analysis of the drivers of those determinants. Such work will contribute to analysis of the anatomy of export performance and of the overall competitiveness of surplus countries. At the same time, work will be carried out analysing the import content of demand to identify the impact on current account sustainability and adjustment of the composition of imported goods and services (including imports for investment versus consumption). This work will result in a number of analytical notes to the EPC on external sustainability, competitiveness, housing markets and deleveraging; the publication of the surplus study; deleveraging study and housing monitor;
- Preparation and publication of in-depth studies required for policy recommendations addressed to Member States under the preventive arm of the EIP. (The corrective arm of EIP was not deployed in 2012.)
- Introduction of a financial indicator in the early-warning scoreboard by end 2012;
- Assessing Stability and Convergence Programmes (SCPs) and National Reform Programmes (NRPs) leading to integrated policy recommendations according to the European semester timetable. To that end, improvements will be made to the tracking of Member States' microeconomic reforms.
- The organisation of workshop on labour market reforms in the EU (Autum 2013)
- Delivering the macro-economic analysis for the Annual Growth Survey Communication. Producing the macro-economic annex to the Annual growth Survey.

3. Objective "Macro-financial stability": To promote macro-financial stability and to restore confidence, stability and sustainability in the financial markets by devising and help implementing appropriate policy responses in order to limit the impact of the financial crisis on the real economy of the EU.

**Directorate(s) responsible for the implementation of this objective:
Dir E "Financial stability and monetary affairs"**

| Result indicators | Latest known result | Target (result) |
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| Euribor to OIS, corporate bond spreads and emerging Market, as well as EU default perceptions. | <p>In early July 2012, the Euribor-OIS spread stood at 50 basis points, a highly elevated level but still considerably lower as compared to the peak of 196 basis points on 10 October 2008, after the collapse of Lehman Brothers. The index remained at a stable level of 20-30 basis points over 2010 but saw a significant and persistent rise in the first half of 2011. It reached 80 basis points in October 2011 while again falling back to 35 basis points in May 2012.</p> <p>In early July 2012, the Itraxx default risk index reached 268 basis points for senior financials and 437 basis points for subordinated financials. Both Itraxx financial indexes have been rising over the last 18 months and are now above their former peak levels 196 basis points for senior and 405 basis points for subordinated financials recorded in March 2009.</p> <p>In early July 2012, the emerging markets' spread (over U.S. Treasuries) stood at 353 basis points. Compared to the beginning of October 2011 is unchanged and is still significantly below its record levels of more than 850 basis points attained in October 2008.</p> <p>In early July 2012, euro area corporate bond spreads reached 104 basis points for AAA-rated companies, 141 basis points for AA-rated companies, 193 basis points for A-rated firms and 264 basis points for BBB-rated corporates. Corporate euro area bond spreads have been contracted somewhat since late October 2011 in particular for lower credits but remain below the peaks recorded in late 2008.</p> | Indicator returning to normal pre-crisis reference values. |

Main policy outputs for 2013

- Macro-financial stability recommendation in the context of Europe 2020.
- Ensuring the implementation of goals set under Europe 2020 in order to restore macro-financial stability, growth and employment. In this context, the recommendations were given to the Member States.
- Assessment of macro-financial stability in relation to EIP.
- Ensuring enhanced economic, macro-financial and fiscal surveillance of vulnerable EU Member States.

4. Objective "Euro area enlargement": To further prepare the enlargement of the euro area and to support the continuing changeover to the euro at EU level in order to take full advantage of EMU's potential.

Directorate(s) responsible for the implementation of this objective:
Dir E4 "Financial stability and monetary affairs"
Directorate R, R5

| Result indicators | Latest known result | Target (result) |
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| Level of support in the euro as reported by Eurobarometer, especially in the changeover countries | Level of knowledge on euro increased in all post-2002 changeover countries. Around 90% of population considered themselves well informed at the end of changeover communication campaign in Cyprus, Malta, Slovenia and Slovakia. In Estonia, this figure increased importantly during 2010 and stood at 89% six weeks before the euro changeover. | Self-perceived level of information considered at least 'good' by at least 85 % of respondents at the end of the changeover communication campaign. |
| Progress by member States towards sustainable convergence | Support for the euro also increased during changeover campaigns in the above mentioned countries. The euro was considered a 'good thing' for Europe by 67% of respondents in the euro area in autumn 2011. The last convergence assessment published in May 2012 concluded that none of the pre-in Member States fulfilled all criteria for adoption of the euro. The examination took place amid a still difficult external environment, with a fragile recovery in the region and recurrent headwinds on financial markets. Two out of eight examined Member States fulfilled the criterion on price stability; one fulfilled the fiscal criterion; two fulfilled the exchange rate criterion and six fulfilled the criterion on long-term interest rates. The report also examined other factors relevant to economic integration and convergence (including references to the surveillance of macroeconomic imbalances under the MIP), which are important indicators that the integration of a Member State into the euro area would proceed without difficulties. For the first time, the Convergence Report was aligned with the broader "European Semester" approach, which takes an integrated and upstream look at the economic policy challenges facing the EMU | The level of support for the euro to be higher at the end of the campaign than at its beginning. Fulfilment of convergence criteria by Member States taking into account the economic environment |

Main policy outputs for 2013

Monitor and support progress with convergence in pre-in countries preparing themselves to join the euro area, including through their participation in the Exchange Rate Mechanism (ERM II).
 The next regular (biennial) Convergence Report (and possible legislative procedure for euro adoption in case one or more Member States fulfil the conditions for euro area entry) is scheduled for 2014. In the meantime (including in 2013), any pre-in Member State may nonetheless request an ad hoc convergence assessment.

Main expenditure-related outputs

Implementation of Partnership agreements
 Organisation of major conferences (such as the Brussels Economic Forum or major Euro conferences in the Member States), seminars (for DirCom, Euro Team Members and journalists), exhibitions, competitions, communication campaign and stands
 (Re-)Production and distribution of leaflets, posters, CD, video, newsletters, opinion polls.
 Production of special web sites
 The provision of promotional material and website development, migration and maintenance

5. Objective "Financial Assistance to Member States": "-To preserve financial stability in the EU by providing financial assistance to euro area Member States facing a severe deterioration of their borrowing conditions and to Member States outside the euro area facing difficulties with their balance of payments.

Directorate(s) responsible for the implementation of this objective:

Dir A "Policy strategy and co-ordination,

Dir C "Fiscal policy"

Dir E "Financial stability and monetary affairs"

Dir F, G, H "Economies of the Member States"

Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

| Result indicators | Latest known result | Target (result) |
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| Implementation of the building blocks envisaged for 2013 set out in the report by the four Presidents (European Council, Eurogroup, ECB, Commission) on deepening EMU. | <p>The HOSG of the Euro area agreed to improve the flexibility and the effectiveness of the EFSF and of the ESM, by enhancing them for the following facilities:</p> <ul style="list-style-type: none"> - act on the basis of a precautionary programme; - finance recapitalisation of financial institutions through loans to governments including in non-programme countries ; - intervene in the secondary markets on the basis of an ECB analysis recognizing the existence of exceptional financial market circumstances and risks to financial stability and on the basis of a decision by mutual agreement of the EFSF/ESM Member States, to avoid contagion. <p>On 26 October 2011 the HOSG of the Euro area also agreed to maximise available resources to support market access for euro area Member States faced with market pressures by leveraging the resources of the EFSF through providing credit enhancements and/or through a combination of resource from private and public financial institutions via special purpose vehicles.</p> <p>The 2012 June European Council decided to boost growth measures, including inter alia a EUR 10 billion paid-in increase in the European Investment Bank's capital with the aim of strengthening its capital base as well as increasing its overall lending capacity by EUR 60 billion, and thus unlocking up to EUR 180 billion of additional investment, spread across the whole European Union, including in the most vulnerable countries. The Council and the European Parliament also endorsed the launch of the project bond pilot phase for financing projects in key transport, energy and broadband infrastructure. Both measures were prepared by DG ECFIN in close co-operation with the EIB.</p> <p>12 September Commission proposals.</p> | <p>Implementation of an integrated framework for financial supervision and regulation (banking union). Steps towards implementing an integrated framework for budgetary policy, encompassing co-ordination, joint decision making and different forms of fiscal solidarity; and for economic policy (fiscal union).</p> <p>Implementation of the EIB capital increase after approval of the EIB Board of Governors no later than 31 December 2012. Launch of the project bond pilot phase before the end of 2012.</p> |
| Ensure appropriate financial and legal instruments to tackle the sovereign debt crisis, accompanied by financial assistance facilities and programmes in MS | <p>On 8 October, the ESM has taken up its work. On 29 June 2012 EAHoSG decided to establish a single banking supervisory mechanism run the by the European Central Bank and once this mechanism has been created to provide the ESM with the possibility to inject funds into banks directly. EAHoSG mandated the Commission to present Proposal on the basis of Article 127(6) TFEU with a view of adopting such proposals by the end of 2012. It was further clarified that Spain's bank recapitalisation loan would begin under current EFSF rules before being transferred to the ESM without gaining seniority status. EAHoSG also agreed that EFSF/ESM funds can be used flexibly to buy bonds for Member States that respect their country-specific recommendations and other</p> | <p>After ESM having become operational, ensure its most appropriate use; make PMP/SMP instruments operational; make direct recapitalization instrument operational in time to be available as soon as a single EU/EA banking supervisor and a single rule book are in place (in line with Commission proposal of 12 September).</p> |

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| | <p>commitments, including timelines under the European Semester, Stability and Growth Pact, and the Macroeconomic Imbalances Procedure.</p> <p>On 23 November 2011 the Commission adopted two proposals for Regulations of the Council and the European Parliament on enhanced monitoring and surveillance of euro-area Member States facing financial disturbance or requesting financial assistance. A first trilogue on 4 July 2012 between Council, Commission and EP could not achieve convergence.</p> <p>On 22 July the Commission adopted a proposal for a revised Regulation of the Council on Union medium-term financial assistance (BoP instrument). The new regulation would make available to non-EA Member States uses of financial assistance comparable to what exists for EA Member States under the EFSF.</p> | <p>Entry into force of the two Regulations on enhanced monitoring and surveillance of euro-area Member States facing financial disturbance or requesting financial assistance (so-called 2-pack).</p> <p>Upon adoption of the new BoP regulation by the Council, ensure that its new instruments become fully operational.</p> |
| <p>Sovereign debt stress and regular programme reviews, addressing the main sources of financial difficulties in euro area Member States receiving financial assistance programmes</p> | <p>Unprecedented financial assistance programmes have been put in place for some euro-area Member States – Greece, Ireland, and Portugal – as urgent policy intervention was needed to limit contagion risks in the common interest of all Member States. A request for assistance has been made by Cyprus as well.</p> <p>Spain is benefitting from a sector-specific assistance (EFSF instrument for the recapitalization of financial institutions). The programme provides up to EUR 100 billion and has been concluded on 20 July 2012 for a duration of 18 months. Review missions are taking place on a quarterly basis. Assessment reports along with updates to the legal documents are published shortly after the end of the mission.</p> <p><u>Greece</u></p> <p>The first review of the second adjustment programme, which had been agreed in March 2012, took place between July and November 2012. The second programme foresees financial assistance of EUR 164.5 billion until the end of 2014 with EUR 144.7 billion to be provided via the EFSF. Greece agreed to cancel the undrawn amounts on 28 March 2012. The six loans were rebalanced and consolidated in May 2012.</p> <p><u>Ireland</u></p> <p>Following a request by Ireland on 21 November 2010, the mechanism was activated. As of mid-October 2012, EU funds for EUR 33.9 billion had been disbursed to Ireland after seven completed reviews. An 8th review took place in October 2012 and found satisfactory progress towards the programme's objectives; approval of the 8th review report would trigger a EUR 0.8 billion disbursement from EU resources foreseen in January 2013. The EFSM disbursed EUR 21.7 billion while EFSF EUR 12 billion. The total contribution to the programme from EFSM and EFSF amounts to EUR 40.2 billion.</p> <p><u>Portugal</u></p> <p>Following a request by Portugal on 7 April 2011 for financial assistance, the mechanism was activated on 17</p> | <p>Avoidance of a further acceleration of the crisis in the euro area (in particular: sovereign default) and contagion to other vulnerable markets, Member States and the financial sector. Progress in implementing the reform agenda in Greece, Ireland and Portugal; finalize the programme design negotiations with Cyprus; continue implement the financial sector programme in Spain.</p> <p><u>Greece</u></p> <p>Continue programme implementation. Update the effective financing needs consistent with the agreed exit strategy from the programme.</p> <p><u>Ireland</u></p> <p>Continue programme implementation including the discussion with the authorities of possible technical solutions to further improve the sustainability the adjustment programme in the light of the conclusions of the EA summit statement of 29 June. Continue to strengthen access to market financing.</p> <p><u>Portugal</u></p> <p>The EFSM will contribute with up to EUR 26 billion to the programme agreed with the Portuguese authorities including structural reforms to boost potential growth, create jobs, and improve competitiveness; a fiscal consolidation strategy and a financial sector strategy based on re-</p> |

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| | <p>May 2011 granting an overall of EUR 52.0 billion from EU resources (EFSM and EFSF). As of beginning November 2012, EUR 39.5 billion had been disbursed to Portugal, following the completion of five reviews, of which EUR 22.1 billion from EFSM and EUR 17.4 billion from EFSF and EUR 0.8bn were approved but not yet disbursed by the EFSF. A successful completion of the 6th review to start on the 12th November would release a further EUR 1.6 billion.</p> <p><u>Cyprus</u></p> <p>On 25 June 2012, Cyprus formally presented to the euro-area MS on a request for external financial assistance from the EFSF/ESM, extended also to the IMF. During July 2012, two scoping mission of Troika took place to set the building blocks of the Memorandum of Understanding. Work on the draft MoU continued during August with the Cypriot authorities.</p> <p><u>Spain</u></p> <p>On 25 June 2012, the Spanish Government requested external financial assistance in the context of the on-going restructuring and recapitalisation of the Spanish banking sector. A Memorandum of Understanding was endorsed by the Eurogroup on 20 July, specifying both bank-specific and horizontal financial sector policy conditionality. Spain will receive financial assistance from euro area Member States via the European Financial Stability Facility (EFSF) of up to EUR 100 billion. The due diligence of the Spanish banking sector is currently underway and the results will be known by end-September. On 31 August the Spanish government adopted the new law on bank restructuring and resolution, to allow for proper bank restructuring accompanying and reinforcing recapitalisation. In addition, a blueprint for the Asset Management Company was drawn up to allow for and prepare the segregation of impaired bank assets. The first review took place, in liaison with the European Central Bank and the European Stability Mechanism, from 15 to 26 October 2012 and found the implementation well on track.</p> | <p>capitalisation and deleveraging.</p> <p><u>Cyprus</u></p> <p>A follow-up mission aiming at reaching an agreement with the Cypriot authorities on all the building blocks of the MoU is to take place in November 2012.</p> <p><u>Spain</u></p> <p>The assistance is sought under the terms of the Financial Assistance for the Recapitalisation of Financial Institutions by the EFSF. At the core of the programme is a sufficient recapitalisation of Spanish banks, where needed, for which up to EUR 100 billion will be made available by EFSF/ESM. The conditionality negotiated with the Spanish authorities will be comprised of two main building blocks: a clear roadmap to bank-by-bank recapitalisation and restructuring and horizontal conditionality applying to the banking sector at large.</p> |
| <p>Balance of payments stress (gross international reserves, exchange rate developments) and regular programme reviews, addressing the main sources of vulnerability in EU Member States receiving BoP assistance.</p> | <p>Programme implementation is on-going in Romania (precautionary programme). Review missions are taking place quarterly. Assessment reports along with updates to the legal documents are published after the end of the mission. The Romania precautionary programme will expire on 31 March 2013 and Romania will enter post programme surveillance. Hungary and Latvia continue to be subject to post programme surveillance as long as large parts of the EU loan received remain outstanding.</p> <p><u>Hungary</u></p> <p>On 21 November 2011, Hungary requested a second assistance package from the EU and the IMF, this time of a precautionary character. After concerns on central bank independence were addressed, in early July, a joint Commission - IMF services staff mission to Hungary was carried out in July, with the participation of ECB observers. During the mission, first discussions were held on the macro-fiscal framework and structural measures that</p> | <p>Avoidance of an acute BoP crisis and disorderly exchange rate adjustment in the EU countries.</p> <p>Decline in external imbalances (current account deficit, external gross debt) compared to pre-crisis levels, feeding into broader macro-economic stabilisation and monitoring imbalances to prevent their re-emergence in the post-programme phase.</p> <p>Return to a situation of gradual accumulation of foreign exchange reserves in countries currently receiving BoP assistance and monitoring developments in the post-programme phase.</p> <p><u>Hungary</u></p> |

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| | could be supported by a programme but no agreement was reached. The discussions are expected to resume (no precise date) pending some response from Hungary to the proposals from Commission and IMF staff. | A successful agreement on a program that contributes to a decline in financing costs, improved credibility of the economic policy framework. Hence by enhancing growth, structural reforms and fiscal consolidation, improves the sustainability of fiscal and external position. |
| Monitoring non-programme vulnerable countries and contingency planning. | <p>Monitoring of financing needs (fiscal and BoP) for non-programme vulnerable countries. Development of a centralised monitoring system of financial sector, fiscal, and balance of payment stress indicators.</p> <p>Debt sustainability is assessed on a regular basis for other economies thanks to thorough analyses of public financing needs and fiscal developments.</p> | <ul style="list-style-type: none"> • Develop a centralised and regularly updated dataset on financing needs and stress indicators in vulnerable countries. • Carry out calculations on a continuous basis of financing gap estimates under several stress scenarios. • Ensure crisis preparedness and contingency planning for Member States' possible requests for EU financial assistance. • Detect unfavourable public debt developments early on and encourage precautionary action. |
| Main policy outputs for 2013 | | |
| <ul style="list-style-type: none"> ▪ With the ESM having become operational, ensure its most appropriate use. | | |
| Main expenditure-related outputs | | |
| Continue implementation of Union financial assistance under the BoP facility and the EFSM. | | |

6. Objective "Analytical support & tools for integrated surveillance": To conduct economic research and to monitor macroeconomic developments and the economic situation in the EU, the euro-area and member States in order to support the smooth functioning of EMU and the EU economy.

Directorate(s) responsible for the implementation of this objective:

Dir A "Policy strategy and co-ordination"

Dir B "Structural reforms and competitiveness"

| Result indicators | Latest known result | Target (result) |
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| Reference to and usage of analytical tools and EU reference indicators as well as the Economic Papers by governments and research institutes in Europe, and beyond. | <p>Economic research and analytical tools (mainly simulations with the Quest III model) have been used extensively during 2012 as inputs into the economic policy debate. Internally, QUEST model simulations have fed into ECFIN's analysis of fiscal developments and structural reforms. DG ECFIN has made substantial contributions to the EPC's Lisbon Methodology (LIME) working group; to the EPC's Output Gap Working Group (OGWG) with respect to budgetary surveillance issues and the development of a methodology for extending medium term projections from 5 to 10 years in order to better support integrated surveillance of MS ; to the Spring and Autumn forecasting exercises (output gaps; risk scenarios for the forecasts, contributions to the forecast). Model results have also been published in the QREA, in the In Depth Reviews (IDR) and in the Economic Adjustment Programme reviews. The QUEST model has also been used for impact assessments of other DG's on financial market regulation (DG MARKT) and financial market taxation (DG TAXUD) as well as for assessments of state aid measures related to the financial crisis (DG COMP). In addition the model has been used for an assessment of the impact of structural and cohesion funds (DG REGIO). A conference was organised on fiscal policy in the aftermath of the crisis which brought together experts from academia and policy institutions.</p> <p>Business and Consumer surveys are being conducted on a monthly basis in the 27 EU Member States and four candidate countries (Turkey, Croatia, Former Yugoslav Republic of Macedonia and Montenegro). Survey results were regularly published in the form of two monthly press releases and a quarterly analytical note. In addition, internal monthly projections of quarterly GDP growth in the euro area were produced.</p> | Reference to and usage of analytical tools and EU reference indicators and other products comparable to those of the other major international institutions, such as the IMF, OECD, ECB. The target variables include downloads of data, references to the publications, number of attendants of the events. |
| Accuracy of the forecast exercises | A study Oct. 2007 shows that overall the Commission's forecasts continue to dispose a reasonable track record. Forecasts for the EU generally seem to be unbiased, efficient and display a high success rate for directional accuracy. The Commission's forecasts' track record for GDP is broadly comparable with the ones of Consensus, the IMF and the OECD. | <p>Accuracy comparable to the accuracy of the forecasts of the other major international forecasters, such as the IMF, OECD, consensus.</p> <p>The target variables include GDP growth, total investment, inflation, the unemployment rate, the general government balance and the current account to GDP ratio with forecast error (respective to the outturn data)</p> |
| Use of analytical tools and EU reference indicators in ECFIN publications and EPC documents | The first In Depth reviews under the MIP and the first scoreboard were released in 2011-2012. At this stage, there is a clear need for improving the economic reading of these documents by producing the analytical studies and frameworks (databases, monitors,...) which will contribute to assessing the external sustainability and competitiveness of | Use of analytical tools and EU reference indicators in the Economic Papers published by the Commission |

EU/Members States policies and perceived/revealed imbalances as a whole (ex Housing sector ; assessment of deleveraging dynamics and macroeconomic adjustments).

Several other studies/actions will complement the work already produced to break the vicious cycle of lack of confidence, low growth, high levels of unemployment to restore competitiveness in the present economic context??. Analytical tools to complement already existing work on external competitiveness, the labour market, economic growth (market functioning of network industries, green growth, infrastructure, reduction of energy dependency), competitiveness at firm, sector and country level will be produced.

Main policy outputs for 2013

Major deliverables :

- Quarterly Reports on the Euro Area
- European Economic Forecasts (3 per year)
- Monthly press releases of harmonised indicators and analysis of the business cycle based primarily on aggregation of business and consumer surveys (BCS) results.
- EU Annual Workshop on Recent Developments in Business and Consumer Surveys
- External sustainability assessment by developing Net International Investment Position projections and calculations of REER related indicators
- External competitiveness assessment via the development of tools for monitoring relative wage adjustments with a view to take into account the differentiation between the tradable and non-tradable sectors, and, possibly, the skill composition of the labour force. The role and drivers of non-price competitiveness developments will also be developed.
- Update and further development of databases on labour market policies (Tax and benefit database) and labour market reforms (LABREF). Developments of analytical frameworks to benchmark and assess labour market policy settings. Developments of analytical frameworks for assess wage developments.
- Regular analytical publications on labour market performance and policies (Labour Market Developments in Europe report, Labour Market Monitor).
- Assessment of the housing sector with the development of a database; issuance of the Housing monitor.
- Analysis of energy dependence with a focus on the economic implications of high energy prices and Member States' potential to reduce their energy trade deficit through the development of renewables and energy efficiency.
- Assessment of the EU energy policy and its impact on electricity and gas prices
- Assessing competition in network industries across Member States in the field of energy, transport and telecommunications. Study on the functioning of network industries (telecommunications, electricity, gas, railways, ports, road and air transport) to assess progress at EU level.
- As a follow up to the network study, two new studies are planned, namely 'Assessing the financial situation of State-Owned Enterprises in the energy and railway sectors' and 'Impact of the regulatory framework on investment incentives in network industries'
- Assessing infrastructure spending across Member States and estimate the possible impact on growth (depending on data availability and quality).
- Testing empirically the link between the soundness of national fiscal policies and the achievement of some of the objectives for socio-economic development enshrined in the Treaty (i.e. the objectives for social, economic and territorial cohesion as well as the environmental ones)
- Analysing the structural green policies needed at both the EU and Members State level to achieve the transition to low-carbon and resource-efficient economy
- Study on Cost-effectiveness of support schemes for renewable energy

iGrowGreen framework will be revamped to reflect the recent developments in the field of green growth

- Draft of the Product market review (April 2013)
- Assessment of the impact of product market reforms. The MICREF database will be updated and operationalized. Development of sectorial performance Indicators (SPI)
- Draft of the Labour market review
- Analysing competitiveness in the EU through a comprehensive set of sectorial indicators on trade, unit labour costs and real effective exchange rates, import content of exports, and in depth country and sectorial reviews; Development of sectorial performance Indicators (SPI)
- Deleveraging dynamics and macroeconomic adjustment assessment
- Set up of the Tax and benefits database.

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- Assessment of product market reform in programme and vulnerable Member States and related workshop

Main expenditure-related outputs

Business & Consumer surveys (Grants) Output € 5.740.000,00 = Number of Agreements: 49

Financial Services Sector Survey – EU wide € 202.845,00 = Number of agreements: 1

Modernisation of the Forecast Data Management System of the Commission (procurement) - €311,000

Databases:

- External commercial data supply services for DG ECFIN (call for tenders) – Output €952,000 =Number of contracts: 20

Conferences, workshops, seminars, publications, studies, evaluations

EU Annual Workshop on Recent Developments in Business and Consumer Surveys: € 20.000,00

Activity "International Economic and Financial Affairs"

Over the past 50 years, the EU has achieved remarkable success in harnessing the increasing interconnections arising from globalisation and in achieving economic prosperity and stability. The EU has become one of the world's key economic players, accounting for about 27% of global GDP and 17% of global trade flows (excluding intra EU trade), while the euro has emerged as a key international currency. As a result, many parts of the world are looking at the EU's experience in regional integration.

In order to manage this process of increasing economic and financial interdependencies, the EU maintains economic relations with many countries and institutions in the world. Its ultimate objective is to foster economic prosperity and stability in the EU and, while serving the Union's interests, also in the rest of the world.

The Commission's Directorate-General for Economic and Financial Affairs supports this by providing analysis and policy advice on international economic issues relevant to the EU, by reinforcing macro-financial stability in the EU neighbourhood and by spreading the values and principles of the Union's economic framework and policy recommendations to other countries. This includes:

- Regular, in-depth economic and fiscal surveillance of candidate and pre-candidate countries;
- Providing economic analysis and policy advice for the development and implementation of EU external policies, for example on enlargement, the European Neighbourhood Policy, the EU's development policy; climate finance policy, trade policy, commodity markets, capital flows, macroeconomic policy cooperation at international level, the reduction of global imbalances, the reform of the International Monetary Fund and international monetary system, and globalisation;
- Leading negotiations and regular dialogues on the economic aspects of bilateral relations, for example with several G20 countries (the US, China, India, Japan, Korea, Russia, Australia, Brazil, Argentina, South Africa), EU pre-accession countries, EU Neighbourhood Countries and EFTA and Gulf Cooperation Council countries;
- Ensuring the Commission's presence in multilateral economic fora, for example, the G7/G8, G20, the Organisation for Economic Co-operation and Development (OECD), the Financial Stability Board (FSB) and international financial institutions (IFIs), for example, the International Monetary Fund (IMF), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD);
- Managing macro-financial assistance to third countries, advising on budget support within the different external assistance programmes and ensuring coordination with other international financial institutions. Notably as regards macro-financial assistance to third countries that is complementing crisis interventions of IFIs, the EU adds value by showing its political commitment to the economic and financial stability of neighbouring countries. Macro-financial assistance will be strengthened through the adoption of a framework regulation. This is also part of the on-going EU efforts to reinforce its arsenal of financial instruments for macroeconomic crisis response in the wake of the lessons learnt from the global financial crisis and the European sovereign debt crisis.
- Through the "EU Platform for blending in external cooperation", ECFIN position in the governance bodies of EIB, EBRD and EIF and through active coordination, strengthening co-operation in the external field with the EBRD, the EIB, other IFIs and MDBs. Moreover, advise and co-manage financial instruments in the external field in close cooperation with DEVCO, ELARG and EEAS.

1. Objective "To support the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs"

**Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"**

| Result indicators | Latest known result | Target (result) |
|---|---|---|
| Progress in candidate countries' accession negotiations, in particular on EMU as measured by provisional closure of EMU chapter | In 2012, DG ECFIN contributed to shaping EU enlargement policies on candidate and pre-candidate countries, including through active participation in the negotiation of chapters with important economic dimensions. With Iceland, negotiations were launched in July 2010; so far 21 chapters of negotiations have been opened and ten of these chapters have been provisionally closed (as of October 2012). Negotiations on the EMU chapter are likely to be opened early 2013. On 29 June 2012, accession negotiations with Montenegro were formally opened by the European Council. The first step in the process, the so-called "screening" is expected to be finalised by mid-2013. | Negotiation Chapter on economic and monetary policy provisionally closed |
| Economic and fiscal surveillance of - and economic dialogue with enlargement countries. | In 2012, DG ECFIN pursued regular in-depth economic and fiscal surveillance of enlargement countries. This included, inter alia, the preparation of analytical assessments of the countries' medium-term economic and fiscal programmes; analyses of the countries' progress in complying with the Copenhagen economic accession criteria, also by providing the economic chapters to the Commission's annual enlargement package. The surveillance also included monitoring of economic developments and bi-annual forecasts as well as providing economic analysis of – and economic policy advice to the enlargement countries, also in the context of regular economic dialogues which were held with all countries. | Progress in terms of compliance with EU economic accession criteria and preparation of future participation in EMU |
| Development of economic cooperation and dialogues with the EU Neighbourhood partners. | In 2012, DG ECFIN played an important role in the ENP processes, both exceptional and more regular, in particular the revamping of the ENP in response to the political developments in the EU neighbourhood, notably the "Arab Spring", participation to the two major regional initiatives in the EU neighbour countries – Union for the Mediterranean and the Eastern Partnership, and preparation of the regular progress reports on the implementation of the ENP Action Plans. Also, DG ECFIN negotiated economic cooperation chapters in future association agreements and conducted policy discussions with number of neighbour countries in the context of bilateral economic dialogues and of negotiations of policy conditionality of macro-financial assistance operations. Finally, DG ECFIN contributed to the programming and implementation of EU's cooperation with neighbour countries, in particular regarding the use of financial resources provided under budget support programmes to promote economic stabilisation and reform. DG ECFIN held an annual ECOFIN EU-EFTA Ministerial meeting, and an Economic dialogue meeting with the Gulf Cooperation Council will be held in 2013. | To promote regular exchange of views and common understanding of economic challenges with the ENP countries. |
| Monitoring and reporting on mobilisation of EU funding of fast-start climate finance and analysis and policy advice on new sources and innovative financing of global challenges. | In 2012, DG ECFIN pursued the analysis on mobilising international climate finance through new sources and through innovative financing methods and prepared in cooperation with DG CLIMA and DG ENER a report. DG ECFIN had the lead in monitoring the EU contribution to international fast-start climate finance and published two reports. These reports and several Council Conclusions on climate finance were important | Preparing two fast start finance reports and launching two Council Conclusions to endorse them. Prepare further Council Conclusions |

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| | contributions for the preparation of the UNFCCC negotiations in Doha. The analytical work, the reports and draft Council Conclusions were presented and discussed in the relevant EPC working group. | to prepare UNFCCC negotiations. |
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| Main policy outputs for 2013 | | |
| <ul style="list-style-type: none"> • For enlargement countries, to gradually strengthen economic and fiscal surveillance by putting a stronger focus on external imbalances and structural growth bottlenecks in the assessments of medium-term economic and fiscal programmes and during regular economic dialogues. • Strengthening of the economic pillar of the European Neighbourhood Policy, of the EU policy towards the Union's Mediterranean partners (including in the context of the Union for the Mediterranean) and of the Eastern Partnership. • To pursue economic dialogues with the Gulf Cooperation Council and with EFTA partners, in particular through the annual ECOFIN EU-EFTA Ministerial meeting. • Progress in implementing priority structural reforms identified in the bilateral Action Plans through policy conditionality of macro-financial assistance operations. • To continue providing policy advice: <ul style="list-style-type: none"> ○ to the Commission and the Council on Climate Finance, in particular on sources of climate finance and monitoring of EU commitments, in the framework of the UNFCCC negotiations (Council conclusions on Climate finance to be adopted in 2012); ○ to the Commission on improving the functioning of commodity markets; ○ to the Commission on development finance and economic aspects of development policies. | | |

2. Objective "To improve the EU profile, external representation and liaison with the EIB and EBRD, other international financial institutions, and relevant economic fora aiming at strengthening convergence between their strategies and operations and EU external priorities"

Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

| Result indicators | Latest known result | Target (result) |
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| Progress in EU coordination with the main IFIs and MDBs in the external field | <p>DG ECFIN played a key role in providing policy advice on the response of European financial institutions (EIB and EBRD) to the political and economic transformation process in the Southern and Eastern Mediterranean countries. This included the proposed extension of EBRD scope of activity to the Southern and Eastern Mediterranean region and a strengthened EIB external mandate.</p> <p>A meeting of the Luxembourg Group (consisting EIB, EBRD, World Bank, EEAS, COM) was convened in order to examine the challenges of the region in light of the Arab Spring. Under G8 Deauville Capital Markets initiative, discussions were held, notably with EIB and World Bank in order to possible explore use of innovative instruments in the region and in particular Project Bonds.</p> <p>The legislative proposal of the Commission to extend the mandate of the EBRD to Southern and Eastern Mediterranean was swiftly adopted by the Parliament and Council in July 2012 and EU ratification notified to the Bank by VP Rehn. The threshold for ratification by all shareholders of first part of the amendments was met in August 2012 and the first substantive investment projects in the region have already been approved by the EBRD Board. This is seen as a key deliverable by the G8 under the Deauville initiative. A revised Tripartite Memorandum of Understanding between the EIB, the EBRD and the Commission was approved by the Commission in September 2012. A meeting took place in May 2012 and a second one is expected to take place in December 2012. As well as catering for the revised mandate of the EBRD, particular attention was</p> | <p>Increased scope and effectiveness of common EU positions and statements that advance the EU's policy agenda. Explore modalities on how coordination can be strengthened in both Brussels and Washington DC for the IMF and the World Bank.</p> <p>EU ratification of the amendments to the EBRD Agreement through ordinary procedure on the basis of a Commission proposal.</p> |

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| | <p>given to developing improved coordination in support of EU-Russia Partnership for Modernisation.</p> <p>Following the mid-term review of EIB's external mandate, in July 2011 DG ECFIN and DG DEVCO launched a Group of Experts (GoE) to discuss with Member States, the EIB and the European External Action Service (also other multilateral and bilateral financial institutions will be consulted) the development of a "EU Platform for Co-operation and Development". Five meetings were held between November 2011 and May 2012 as well as additional consultations with NGOs, private sector and beneficiary countries. In light of the conclusions of the Group, a Commission report to the Council and Parliament was presented in October 2012. The first meeting of the Policy Group under the Platform (renamed as <i>EU Platform for Blending in External Cooperation</i>) is planned for December 2012.</p> <p>During the annual visit of EU IMF Executive Directors to Brussels in June 2012, DG ECFIN exchanged views with them on IMF policy issues and on ways to strengthen EU coordination on IMF matters.</p> <p>In cooperation with DG DEVCO, DG ECFIN participated in the annual visit of World Bank Executive Directors to Brussels, to exchange on areas of mutual interest. ECFIN also participates in the DEVCO IFI Taskforce, aimed at improving working cooperation with IFIs in general, including the World Bank and IMF.</p> | |
| <p>Progress in EU coordination with G7/G8 and G20</p> | <p>DG ECFIN plays an important role in the G20 process and supports the coordination of the EU input on economic and financial issues dealt with by this forum on the basis of Terms of Reference agreed with the Member States for all G20 Deputies' and Ministers' meetings. It contributes to the successful participation of the President at the G20 Summits and of VP Rehn at G20 Finance Ministerial meetings. Overall, DG ECFIN contributes to the successful coordination of EU positions in the G20, leading to a demonstration of European unity at the various G20 meetings, lately particularly at the G20 Summit in Los Cabos.</p> <p>DG ECFIN also ensures an active representation of the EU in a number of G20 working groups, including the Framework for Growth group, the Reform of the International Financial Architecture, Energy and Commodity Markets, and the disaster risk management steering group, the Global Partnership for Financial Inclusion, and the Development Working Group. DG ECFIN represents the EU also in a G20 study group on climate finance and contributed to the drafting of a report.</p> <p>In 2012 the following outputs were produced by DG ECFIN in this context:</p> <ul style="list-style-type: none"> o a large number of presentations, briefings and briefing books for IMFC Spring and Annual Meetings, G7, G8, and G20 Meetings, etc. o DG ECFIN supported the coordination of the joint EU position/and common contribution to increase the resources of the IMF by USD 460 billion in June 2012, which together with the strengthening of the EU firewalls contributes to a strengthened global financial firewall. o the input to the G20 Framework for Growth, input to the reform of the International Financial Architecture and EU Terms of Reference for the G20 Deputies and Ministerial meetings. o managing the coordination of an EU position on climate finance issues discussed at G20 level and in the various working groups coordination of Commission position notably with DGs CLIMA, ECHO, ENER, ENV, MARKT, TAXUD, e.g. related to commodity market transparency and regulation, fossil fuel subsidies, and green growth. o notes to the EFC on the progress in all G20 areas of work. o a note (together with A5) on the G20 Mutual Assessment Process exercise and its implications for euro-area surveillance. o a background note for the EU G20 Sherpa on G20 working practices, analysing the issue of Accountability in the G20. o around 10-15 common messages on IMF policy in various | <p>Ensure effective coordination of EU positions for G20 meetings on various levels.</p> <p>Provision of relevant input to the G20 working groups, notably on the G-20 Framework for Growth and the related Action Plan, on the reform of the International Financial Architecture, on the working group on energy and commodity markets, and on the climate finance study group.</p> <p>Strengthen and deepen bilateral relations with G20 countries.</p> <p>Present the EU position and ensure EU interests in the various G-Groups and, bilaterally, with partner countries in the G20.</p> |

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| | <p>areas, including governance, capital flows and multilateral surveillance as well as country items (excluding ECFIN assessment of IMF Article IV reports on the euro area and EU Members).</p> <p>DG ECFIN is constantly expanding the network of bilateral meetings with G20 countries, which help channel Commission views, and prepare the grounds at bilateral level for negotiations at multilateral level.</p> <p>Since 2010, the European Commission is now also invited to the full meeting of the G7 and the Commissioner has been able to take a much higher profile in the G7 discussions.</p> <p>DG ECFIN is also actively contributing to the Commission's participation to the G8 "Deauville Partnership with Arab Countries in Transition" supporting reforms in a number of EU's Mediterranean partner countries (Egypt, Jordan, Libya, Morocco and Tunisia), including the successful participation of VP Rehn at G8 Finance Ministerial meetings.</p> <p>DG ECFIN prepared option papers on increasing IMF resources in the wake of the Cannes Summit.</p> <p>DG ECFIN is monitoring progress in the EU Members ratifying the 2010 quota and voice reform.</p> | |
| <p>Progress in ensuring that IFIs and MDBs have adequate resources in the external field</p> | <p>DG ECFIN is actively following and contributing to the operation and development of the several multilateral facilities such as the EU-Africa Infrastructure Trust Fund, the Western Balkans Investment Framework, the Neighbourhood Investment Facility, as well as investment facilities for Asia, Central Asia, and Latin America. DG ECFIN is both promoting the use of appropriate innovative instruments via these mechanism and also coherence in cooperation with IFIs and private sector partners.</p> <p>DG ECFIN is finalising the preparation of the legislative proposal for next EIB external mandate decision covering the period 2014-2020, which should be issued in January 2013.</p> <p>DG ECFIN is actively supporting DEVCO and ELARG and in coordination with EEAS in the development and management of financial instruments under the current and next MFF. Moreover, DG ECFIN provides policy advice on economic and financial aspects of development policy.</p> | <p>Improve the EU co-ordination in the different governing bodies of MDBs asking for capital increases (e.g. implement the EBRD capital increase).</p> <p>Effective and efficient coordination related to EU resources allocated to IFIs and MDBs</p> <p>Monitoring the implementation of bilateral loan agreements/NAB participation of EU Members in the IMF.</p> |
| <p>Main policy outputs for 2013</p> | | |
| <ul style="list-style-type: none"> • Contributing to and monitoring the implementation of the policy measures by EU Members, including those decided by the G20 leaders with respect to global economic policy coordination, the reform of financial markets and the reform of the international financial architecture. • Further international coordination, including in a G20 context, to monitor – and eventually adjust – the policy actions taken so far to stabilise the world economy and, going forward, to set the basis for a stronger, more sustained and balanced world growth. International coordination will notably entail the contribution to preparation of EU positions and terms of reference in the G20 and its working groups, G groups and IMF meetings. A major aim for 2013 is to further increase the coordination among EU Member States of the G20 – and possibly also the euro area G20 Members. Terms of Reference (ToR) are prepared by DG ECFIN, which will imply deeper discussions within the EFC and the ECOFIN on the ToR. • An important element of the increased EU coordination in the run-up to and during G20 meetings is related to the preparation of EU positions on addressing global risks, medium-term growth challenges including those related to global imbalances, This implies monitoring of the implementation of G20 members' commitments to the Los Cabos Action Plan for Growth and Jobs and participation in the peer-review process within the G20 Framework for Growth Working Group. It also includes the preparation of common positions on the reform of the international financial architecture, and on reducing the volatility of commodity prices and the phasing out of inefficient fossil fuel subsidies and on incorporating green growth into structural reform agendas. • Improving the coordination of EU positions for the IMF Executive Board. This includes the preparation of euro | | |

area/EU common messages on IMF policy and country issues of EU or Euro area relevance, contributing in particular to finalising the implementation of the 2010 IMF quota and governance reforms, including the on-going review of the current quota formula and the forthcoming 15th general review of quotas.

- Coordination of views between the EU and other major economic partners through: 1) a further increase in the number and quality of bilateral economic dialogues, in view of the growing importance of G20 countries for economic policy coordination; 2) a greater presence of economic issues in high level meetings (summits, high level visits, senior experts meetings and high level dialogues). at the beginning of each rotating EU presidency DG ECFIN, in coordination with DG MARKT, produces a third country summits paper discussed in EFC on key economic and financial messages at summits.
- Contribution to EU positions on economic and financial aspects of climate change, including the monitoring of the implementation of EU commitments on fast-start finance, the identification of innovative sources, and the architecture of the Green Climate Fund.
- Contribution to the coordination of EU positions in the WB and MDBs.
- ECFIN continues to promote a coordinated approach in the design and governance of multilateral investment facilities. In this context, it leads together with DEVCO a working group including Member States, the EEAS and the EIB entrusted with the study of an EU platform for external cooperation and development. The Commission should report to the European Parliament and the Council by mid-2012 and, if appropriate, make a proposal for the platform.
- In March 2011, a new Tripartite Memorandum of Understanding between the EIB, the EBRD and the Commission was signed. The Memorandum will need to be revised to cater for the foreseen extension of the EBRD to the Southern and Eastern Mediterranean region.
- Following the conclusions of the negotiations with the European Parliament and the Council on the revision of the 2007-2013 EIB external mandate decision, DG ECFIN will work on the implementation of such decision (revised MoU with the EIB and establishment of regional technical operational guidelines) and on the preparation of the next EIB external mandate covering the period 2014-2020.
- The Commission proposal on the EU approval of amendments to the agreement establishing the EBRD allowing the Bank to operate in countries of the Southern and Eastern Mediterranean should be issued early 2012. ECFIN should, on behalf of the Commission, conduct the negotiations with the European Parliament and the Council on the adoption of this Decision.
- ECFIN will co-chair with DEVCO the new '*EU Platform for Blending in External Cooperation*', which includes a Policy Group composed of MS, EEAS and EP and a Technical Group composed of the EIB, EBRD, CEB and other multilateral and bilateral institutions. The Platform will provide guidance on horizontal matters with a view to improve the quality and efficiency of EU development and external cooperation blending mechanisms, The revised Tripartite Memorandum of Understanding between the EIB, the EBRD will be signed in November 2012 to cater for the extension of the EBRD to the Southern and Eastern Mediterranean region.
- Following the Decision of the European Parliament and the Council on the revision of the 2007-2013 EIB external mandate decision, DG ECFIN will work on the implementation of such decision (revised MoU with the EIB and establishment of regional technical operational guidelines) and on the preparation of the next EIB external mandate covering the period 2014-2020.

3. Objective "Providing macro-financial assistance to third countries in resolving their balance of payment crises and restoring external debt sustainability"

Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

| Result indicators | Latest known result | Target (result) |
|------------------------------------|--|--|
| Current account balance (% of GDP) | Armenia: -16.0% in 2009, -14.0% in 2010, -11.5% in 2011 Bosnia and Herzegovina: -10.9% in 2009, -10.5% in 2010, -14.3% in 2011 Georgia: -11.2% in 2009, -9.6% in 2010, -10.8% in 2011 Moldova: -8.6% in 2009, -9.0% in 2010 and -11.2% in 2011 | Decrease of current account deficit to pre-crisis levels |
| External debt (% of GDP) | Armenia: 34.7% in 2009, 36.0% in 2010, 36.9% in 2011 Bosnia and Herzegovina: 21.8% in 2009, 25.7% in 2010, 25.7% in 2011 (numbers refer to external public debt, since data on private debt is not available) Georgia: 58.1% in 2009, 61.9% in 2010, 62% in 2011 Moldova: 66.0% in 2009, 68.1% in 2010, 65.6% in 2011 | Decrease of external debt to pre-crisis levels |

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| Official foreign exchange reserves in months' imports of goods and services | Armenia: 5.7 in 2009, 4.8% in 2010, 4.7% in 2011 Bosnia & Herzegovina: 6.8% in 2009, 6.5% in 2010, 5.7% in 2011 Georgia: 4.2 in 2009, 3.8% in 2010, 4.5% in 2011 Moldova: 3.9 in 2009, 3.7% in 2010, 3.9% in 2011 | Increase of reserves to pre-crisis levels |
| Main policy outputs for 2013 | | |
| <p>A proposal of the Commission for a framework regulation on macro-financial assistance to third countries under the Lisbon Treaty was adopted by the Commission in summer 2011. It is currently being discussed with the Council and the European Parliament. If adopted by the co-legislators, it should provide a stronger legal and policy basis for MFA, which would also help to make the approval and disbursement process more time-efficient.</p> | | |
| <p>Negotiations, implementation, monitoring and evaluation of the on-going (Bosnia and Herzegovina and Ukraine) macro-financial assistance operations in potential candidate and neighbouring countries will be pursued. In 2011, the Commission adopted proposals for operations for Georgia and the Kyrgyz Republic. The two proposals are being discussed with the co-legislators. In 2013, the Commission may also make new MFA proposals, notably for Egypt, Jordan, Kosovo and Armenia. The Commission will implement the MFA instrument taking into account the principles of sound and efficient financial management and the recommendations of the Court of Auditors.</p> | | |
| Main expenditure-related outputs | | |
| MFA grant commitments and disbursements to third countries | | |
| Operational assessments and ex post evaluations | | |

Activity "Financial Operations and Instruments"

This activity embraces 1) management of the borrowing and lending activities of the EU, treasury management of off-budget resources, 2) the design and management of financial instruments in collaboration with the European Investment Bank (EIB) Group and other international financial institutions (IFIs), 3) institutional and policy relations with the EIB Group and other IFIs and 4) financial market analysis and monitoring to support the development of proposals for financial instruments. The focus is on supporting Europe's economic recovery on stimulation of long-term investment and on EU2020 policies including energy and climate change as well as external priorities.

The activity plays an important role as part of the EU's arsenal of financial instruments mitigating the impact of the global economic and financial crisis and preparing Europe's recovery path:

1) The EU is being asked to provide substantial medium-term financial assistance, together with the IMF, to those Member States and to third countries experiencing balance of payments pressures or serious financial-stability risks. Under the treasury management activity efficient funding of these loans in the international capital markets against the background of changing investor behaviour due to financial crisis has to be obtained.

2) The design and development of innovative financial instruments to support an effective implementation of EU policies in the next Multi-Annual Financial perspectives will constitute a key task to be carried out in 2013. The work will continue to focus on standardisation, simplification and effective delivery mechanisms to change attitudes and practices in the EU in order to deliver results as the share of budget delivery through financial instrument is expected to increase. The first results of the implementation of the Europe 2020 Project Bond Initiative which need to be laid down in an interim report will be essential to ensure a continued support for infrastructure investments under the Connecting Europe Facility. In addition, enhanced use of Public-Private-Partnerships (PPPs) and stimulation of long-term investment will continue to be promoted.

The current financial instruments under the Competitiveness and Innovation Programme (CIP) and its predecessor programme MAP have been designed to address the problem of access to finance by SMEs in general and the particular needs of high growth and innovative SMEs, including those involved in eco-innovation. These instruments, which within the Commission are managed by DG ECFIN, contribute to the implementation of the political priorities set out in the Commission's Europe 2020 Strategy and European Economic Recovery Plan, notably with respect to the enhancement of access to finance for small business, the Lisbon agenda, the European Charter for SMEs and the new initiatives in the areas of entrepreneurial innovation, enterprise competitiveness and industrial policy. In the next MFF, the Innovation part of CIP will be transferred to the Horizon 2020 programme of DG RTD while a new competitiveness programme is being put in place to cater for the financing needs of non-innovative enterprises. DG ECFIN supports DG RTD and DG ENTR in the design of financial instruments under these new programmes.

3) As far as the EIB Group is concerned, the largest share of financing takes place within the European Union. DG ECFIN ensures the institutional and policy relations with the EIB Group, in particular through ex-ante coordination mechanisms between the EIB and the Commission on projects and programmes, including the Article 19 procedure, and through the Commission representation in the EIB Group governing bodies.

4) Market analysis, monitoring and evaluation of EU wide developments of different types of financial instruments and financing sources is required to support the design of EU financial instruments and to further improve the regulatory environment impacting long-term finance and long-term investment through potential regulatory proposals. In 2013, specific focus will be put on the analysis of the financing of physical infrastructure, notably for transport, energy and environment. The findings are then related to estimates of investments needs and financing gaps to see where EU supporting action is required and how it should be best delivered in order to reflect EU added value.

1. Objective "To promote the EU interest in the governing bodies of the EIB/EIF and strengthen the EU-EIB/EIF co-operation to ensure the alignment of EIB/EIF lending with EU policy priorities in particular within the EU"

**Directorate(s) responsible for the implementation of this objective:
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"**

| Result indicators | Latest known result | Target (result) |
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| Implementation of ex-ante coordination mechanism between the EIB and the Commission on projects and programmes and closer cooperation with the EIB Group and other financial institutions in particular within the EU. | <p>Through the Article 19 consultation, the Commission's view on all EIB financing projects is coordinated with a large number of other DGs. In January-July 2012, 309 Commission opinions on EIB projects were prepared.</p> <p>In January-October 2012, interventions of the Commission representatives in the Boards of Directors were prepared for 7 Board meetings at the EIB and 7 Board meetings at the EIF as well as for the Board of Governors of the EIB and the Annual General Meeting of the EIF.</p> <p>The Commission was instrumental in promoting the EUR 10bn capital increase endorsed by the European Council in June 2012, which will unlock addition EUR 60bn of EIB financing for a total investment of EUR 180bn over 2013-2015.</p> <p><i>Innovative financial instruments:</i></p> <ul style="list-style-type: none"> - The EIB President participated in the 2nd, 3rd and 4th meetings of the Commissioners' Group on Innovative Financial Instruments, where the key principles for financial instruments and future design of such instruments were discussed. - ECFIN and EIB arranged joint information sessions on innovative financial instruments for the Financial Counsellors and Budget Counsellors. On specific instruments, numerous meetings involving the EIB and other financial institutions took place at service level. | <p>Timely delivery of Commission opinions issued on EIB projects</p> <p>Timely preparation of briefing material for Commission representatives in the Boards of the EIB and EIF.</p> |

Main policy outputs for 2013

Specific actions include:

- To continue to actively co-operate with the EIB and the EIF in the realisation of EU policies. See above. The evaluation of the EIF own resources activity was launched in September 2011. The report was submitted to the Council on 1 August 2012.
- To keep on providing recommendations and advice to the Commission nominees on the governing bodies of the EIB and of the EIF on issues related to the EIB group. See above.
- To continue to work closely with the EIB and the EIF in developing the financial instruments supporting Europe 2020 objectives for the next Multiannual Financial Framework.

2. Objective "To improve the financial environment for business and infrastructure, promote the use and enhance the efficiency of the EU financial instruments"

Directorate(s) responsible for the implementation of this objective:

Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

| Result indicators | Latest known result | Target (result) |
|---|--|---|
| Number of beneficiary SMEs receiving financial support | <p>Cumulated figures for the entire programme period as of 31 June 2012 for CIP, MAP and G&E, and 31 March 2011 for EPMF – latest available</p> <p>CIP: 191,819 (SMEG07:191,583; GIF 236 (Number of final beneficiaries)</p> <p>MAP: 234,655 (SMEG01: 234,413; ESU01: 242 (data as of June 2011 for ESU01)) <u>G&E: 136,935 (SMEG98: 136,860; ESU98: 75)</u></p> <p>EPMF Guarantees: 1,714 (Cumulative number of final beneficiaries)</p> <p>EPMF FCP-FIS: 1,957 (Total number of final beneficiaries)</p> | <p>CIP (target for the entire duration of the programme): At least 316,950 (as per Annex to the Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme 2007-2013, COM(2005)121 final, SEC(2005)433 dated 6/04/2005, p. 6).</p> <p>MAP: At least 200,000</p> <p>EPMF: (target for the entire duration of the programme) 46,000 microloans.</p> |
| Total investment/loan volume leveraged (EU + other sources): | <p>Figures as of 31 June 2012 for CIP, MAP and G&E, and 31 March 2011 for EPMF – latest available :</p> <p>CIP: a) GIF: EUR 2,068 million (actual intermediary size);</p> <p>b) SMEG07: EUR 11,563.8 million (loan amount).</p> <p>MAP: a) "ESU01": EUR 1,321.4 million (actual intermediary size);</p> <p>b) "SMEG01": EUR 17,117 million (loan amount).</p> <p>G&E: a) "ESU98": EUR 514,6 million (actual intermediary size);</p> <p>b) "SMEG98": EUR 10,287 million (loan amount).</p> <p>EPMF: a) Guarantees: EUR 17.98 million (actual utilisation).</p> <p>b) FCP-FIS: EUR 9,494 million (total commitments amount of micro-credit agreements signed by Intermediaries).</p> <p>ELENA:</p> <p>Commitments made for project investments in excess of EUR 1.7 billion supported by EU project development services totalling approximately EUR 35 million (average leverage of 50.</p> | <p>CIP (target for the entire duration of the programme): EUR 13,000 million</p> <p>MAP: 8,000 million</p> <p>EPMF: (target of the entire duration of the programme) 500m loans.</p> <p>ELENA: Minimum leverage 20/25 (technical assistance/ investment volume)</p> |
| Nr of jobs created or maintained in SMEs receiving new financing ² | <p>Figures as of 31 June 2012 for CIP, MAP and G&E, and 31 March 2011 for EPMF – latest available:</p> | <p>CIP (target for the entire duration of the programme): 378,150 (as per Annex to the</p> |

² There is no concrete data related to this indicator; the only available information is referring to the number of employees at final beneficiaries.

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| | <p>CIP: a) GIF: 3,532.6 (number of employees at final beneficiaries at date of first investment; data from employment report as at 31/12/2010);</p> <p>b) SMEG07: 733,925 (number of employees at final beneficiaries at inclusion date).</p> <p>MAP: a) ESU01: no information available;</p> <p>b) SMEG01: 940,849 (number of employees at final beneficiaries at inclusion date).</p> <p>G&E: a) ESU98: no information available;</p> <p>b) SMEG98: 593,374 (number of employees at final beneficiaries at inclusion date).</p> <p><i>Additional information:</i></p> <p>CIP: a) <i>GIF number of jobs created or maintained: the information is available on the number of employees at the initial and final date³, namely:</i></p> <ul style="list-style-type: none"> - <i>GIF number of employees at date of first investment: 3,532.6 ;</i> - <i>GIF number of employees at the final date, as of 31.12.2010: 4,512.7⁴.</i> <p>b) <i>SMEG07 number of jobs created : 191,583 (this is an estimate based on the methodology outlined in the Final Evaluation of the Entrepreneurship and Innovation Programme - Final Report - April 2011 pg. 22)⁵.</i></p> <p>MAP: a) <i>ESU01: no information available;</i></p> <p>b) <i>SMEG01: 234,413⁶.</i></p> <p>G&E: a) <i>ESU98: no information available;</i></p> <p>b) <i>SMEG98: 136,860⁷.</i></p> <p>EPMF:</p> <p>EPMF Guarantees: 2,159 (Total number of employees, at first inclusion date)</p> <p>EPMF FCP-FIS: 2,796 (Total number of self-employed and employees of Micro-enterprise Final Beneficiaries, at signature date of Micro-credit agreement).</p> | <p>Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme 2007-2013, (COM(2005)121 final), SEC(2005)433 dated 6/04/2005, p. 6).</p> |
|--|---|--|

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|-------------------------------------|--|
| Main policy outputs for 2013 | |
| a) | The Communication on Innovative Financial Instruments was adopted on 19 October 2011 (COM(2011)622) with a view to creating a concrete framework for the innovative financial instruments, including a Commission internal coordination mechanism, and concrete rules and guidance on e.g. delivery mechanisms and |

3 This information is available every 2 years in the "GIF Employment Report"; the latest available report is as of 31 December 2010.

4 The investment period is not ended and therefore this represents only a job snapshot; the situation is expected to evolve significantly until the end of the GIF Facility.

5 One job created or maintained for each SME receiving new financing. As the data of the Growth and Employment initiative indicate that beneficiary SMEs created on average 1.2 jobs, a more conservative ratio should be used to account for the fact that microcredit guarantee corresponds to more than 20 % of all companies reached by SMEG and thus, fewer jobs are expected to be created by these companies, bringing down the overall average to an estimate 1 job created.

6 Idem footnote 4.

7 Idem footnote 4.

governance under the EU equity and debt platforms.

ECFIN prepared the establishment of the coordination mechanism foreseen in the Communication, the "Financial Instruments Interservice Expert Group (the FIIEG)", which has been set up to provide expert advice and support to the Commission services in matters relating to innovative financial instruments. The FIIEG, of which ECFIN-L ensures the Secretariat, has held 15 meetings from January 2012 (as at 31/7/2012), and aims particularly at:

- achieving coherence and consistency of all existing financial instruments and planned Commission proposals related to financial instruments, while avoiding overlaps between instruments;
- ensuring that instruments have an appropriate implementation framework and are fully aligned and comply with common rules and standards established in the equity and debt platforms;
- following the implementation of individual financial instruments to ensure that they are well adapted to pursue their objectives of channelling EU budget support to the real economy in the interest of job creation and growth.

ECFIN will continue to ensure in 2013 an effective and timely support to the FIIEG with respect to the different tasks and missions as foreseen and outlined above.

Furthermore, ECFIN will keep on contributing to the development of the proposal for a Regulation (the Common Provision Regulation or CPR) of the European Parliament and of the Council under the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the future European Maritime and Fisheries Fund (altogether the CSF funds) with the view to create a framework allowing an increased use of financial instruments in the next programming period. ECFIN will continue to work together with REGIO, both bilaterally and in the context of the FIIEG meetings, on the financial instruments financed through the CSF funds in the next MFF and will provide extensive input to REGIO with a view to finalizing the draft Delegated Act and to defining the Technical Assistance parameters, while ensuring consistency of the parameters and rules governing the Financial Instruments under the CSF framework and the European Commission Financial Instruments.

In parallel, ECFIN will reinforce its position as Competence Center, and will consolidate its role as advisory body for Financial Instruments related issues for all other DGs; in this respect, ECFIN will continue to provide support (advice, participations in meetings, etc.) to REGIO, DG ENTR, DG RTD, DG BUDG and other actors in the mechanism for setting up the future Financial instruments framework.

Within the same context, ECFIN will continue to work in close cooperation with DG BUDG to develop the budgetary rules on financial instruments in the new Financial Regulation and its Rules of Application.

In the framework of supporting measures to stimulate economic growth, ECFIN continues to promote long-term investment and long-term finance through critical assessment of the regulatory environment and EU or at national level. ECFIN significantly contributed to the Green paper for long-term investment with potential follow-on actions in 2013 and will actively participate in the setting out and implementation of its Action Plan.

b) ECFIN reinforces its contribution as Financial Instruments Competence Center to the design of a number of specific financial instruments in various policy fields; this includes:

1. Innovation, competitiveness and employment:

- the set-up of financial instruments in the area of research, development and innovation under the proposed Horizon 2020 programme; these instruments will build on current RSFF and GIF early stage venture capital instruments under CIP.
- The set-up of financial instruments under the European Competitiveness and SMEs Programme (COSME), that will build on the experience gained with the current CIP.
- The design of the Student Loan Guarantee Facility and of financial instruments for the cultural and creative sectors (CCS).

2. Infrastructure, energy and environment:

-The interim report on the implementation of the pilot phase for the Europe 2020 project bond initiative, which will be prepared in the second half of 2013 for the Council and the Parliament, will provide valuable insight on the design of the initiative in order to effectively continue it under the Connecting Europe Facility.

-DG ECFIN will finalise a market assessment for the financial instruments to be implemented under the Connecting Europe Facility. This work will be supported by a number of evaluations to be carried out on existing instruments in the field of infrastructure. In addition, work will continue to support DG CLIMA in the implementation of climate change policies with specific focus on energy efficiency.

-The implementation of the ELENA has continued since 2009 with the last budget allocations to be implemented by the EIB, the EBRD, the KfW and the CEB.

3. Greece:

ECFIN has been working with DG REGIO and Task Force for Greece on the creation of a Guarantee Fund for SMEs (GF) of 500 mio € from NSRF funds, that will provide liquidity of 1 bio € to the Greek Financial Institutions. The agreement for the creation of the Fund was signed on 21/03/12 between the Greek authorities and the EIB.

ECFIN is also represented in the committee that examines the possibility of the creation of an Institution for Growth (IfG) in Greece. The Committee has concluded the first phase of its work and has issued a report to the Greek authorities with recommendations for a second phase of work. It is recommended to involve an international consultancy firm to examine further the feasibility and added value of establishing an IfG, and to assess the way it would interact with the Greek banking sector. Furthermore, ECFIN has been working together with DG REGIO and the Taskforce for Greece on the establishment of a financial facility for Greece. This infrastructure and productive investments facility is to be financed through the reallocation of Cohesion Policy funding and implemented together with the EIB on the basis of a risk sharing mechanism.

c) Communication activities related to financial instruments:

1. Current CIP and European Progress Microfinance Facility financial instruments in support of entrepreneurship and innovation:

Participation in 5-10 conferences and seminars is foreseen for 2013, including in those organised by the "Enterprise Europe Network" (EEN). Specific information material to be distributed on conferences is available and is updated regularly: leaflets about the CIP financial instruments and European Progress Microfinance Facility, a brochure with CIP "success stories" and a new brochure providing portraits of entrepreneurs who benefitted from Progress Microfinance. Further, PowerPoint presentations are available to be used on seminars and conferences. In addition, newsletters like the ECFIN e-news or the EEN news are used to spread topical information. Dedicated information about the financial instruments is provided and updated on the ECFIN and other websites. A specific website targeting final beneficiaries/recipients of the CIP financial instruments is run together with the European Investment Fund (EIF): www.access2finance.eu This website will be integrated into a website that is currently being set-up and that will be a single access point on EU finance for SMEs: access2eufinance.ec.europa.eu.

Further, press releases via the Europa Press Server will be published, providing information about specific achievement or events in relation to the financial instruments. Complementary communication measures to those listed above are carried out by other parties involved, in particular by the EIF, DG ENTR and DG EMPL.

Since CIP expires at the end of 2013, specific attention will be given to the achievements of CIP as well as to its successor programme COSME and to the new financial instruments under the MFF 2014-2020.

2. Financial instruments for infrastructure:

Conferences and seminars will continue to be used not only for information gathering purposes but also to publicise current financial instruments such as Marguerite, EEEF, ELENA, Project Bond Initiative or LGTT, but the main avenue of information about these instruments are the ECFIN website. In addition, ECFIN will reinforce its involvement in steering committees supervising the implementation of financial instruments.

d) Public-Private Partnerships (PPPs):

DG ECFIN and the European PPP Expertise Centre (EPEC) continue to organise semi-annual meetings of the Private Sector Forum/PPP Stakeholders' Group (which was initiated by the PPP Communication COM(2009)615) to promote the use of PPPs. These events are a source of information for the private sector on the Commission's and EPEC's work on PPP (Public-Private Partnerships), consultation instrument as well as a sounding board for new ideas. The presentations of all these events are published on the ECFIN website as well.

Main expenditure-related outputs for 2013

For (CIP) - cumulated figures for the entire programme period; status of CIP data: 31 June 2012

(a) number of beneficiary SMEs: GIF: 215; SMEG: 191,583

(b) total investment/loan volume leveraged: GIF: EUR 1,926 million (actual intermediary size); SMEG07: EUR 11,563.8 million (loan amount)

For (MAP) - cumulated figures for the entire programme period; status of MAP data: 31 June 2012

(a) number of beneficiary SMEs: ESU01: 242; SMEG01: 234,413

(b) total investment/loan volume leveraged: ESU01: EUR 1,824.8 million (actual equity vehicle size); SMEG01: EUR 17,117 million (loan amount)

For (G&E) - cumulated figures for the entire programme period; status of G&E data: 31 June 2012

(a) number of beneficiary SMEs: ESU98: 242, SMEG98: 136,860

(b) total investment/loan volume leveraged: ESU98: EUR 1,824.8 million (actual equity vehicle size); SMEG98: EUR 10,287 million (loan amount)

For (EPMF) - cumulated figures for the entire programme period; status of EPMF data: 31 March 2011

a) number of microloans : 46

b) total loan volume at Final Beneficiary level : EUR 0.173 million

For (ELENA)

a) In 2013, a minimum total investment volume of EUR 740 million compared to the 2012 EU budget contribution of EUR 37 million.

For (Marguerite)

Overall, Marguerite has closed 6 deals with a total ticket size of €165 million : 5 projects in the field of renewables and 1TEN-T project. Based on pipeline, new signings are expected in 2013 in particular in the area of renewable energy but also in transport.

3. Objective: "To ensure sound and efficient management and follow-up of non-budgetary operations"

Directorate(s) responsible for the implementation of this objective:
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

| Result indicators | Latest known result | Target (result) |
|--|--|--|
| <p>Treasury and asset management</p> <p>A. Active treasury management</p> <p>Continuation of asset management under different mandates, the main being ECSC, providing good return based on low risk assets the interest income on the ECSC portfolio being used by RTD to finance research in the coal and steel sector.</p> | <p>Treasury and asset management</p> <p>A. Active treasury management</p> <p>The financial crisis has continued to affect significantly the relative performance of the assets managed by ECFIN in 2012. The volatility of the return increased despite keeping the duration short due to the large movements of sovereign spreads. The relative return compared to the benchmark for the ECSC portfolio turned positive for the 12-months period September 2011 - September 2012 at +10.57 bps per month. The absolute return of the portfolio for the same period is positive of 4.90%. On a 12-month rolling basis the portfolio gained 490.0 basis points compared to a benchmark return of 363.2 basis points, outperforming by 126.8 basis points</p> | <p>Treasury and asset management</p> <p>A. Active treasury management</p> <p>Outperform the benchmark by about an average 3bps per month, subject to strategy changes.</p> |
| <p>B. Competition fines</p> <p>Continuation of managing the assets obtained by the Commission as provisionally cashed fines from competition cases.</p> | <p>B. Competition fines</p> <p>Based on the Commission decision of June 2009 for mandating ECFIN-L, a solution comparable to an investment fund has been worked out, with all details set out in a Service Level Agreement between ECFIN and BUDG which has been signed end 2009. The so-called BUFI Fund has become operational during 2010 and by end October 2012 reached a size of about EUR 1.6 billion.</p> | <p>B. COMPETITION FINES</p> <p>Efficiently manage the new inflows of fines and fine-tuning of operational aspects. Actual return (excluding direct costs) at least as high as the guaranteed return.</p> |
| <p>C. Mandates as Asset Management Designated Service (AMDS)</p> <p>Monitoring of certain asset management mandates outsourced under which the EIB invests off-budget funds on behalf of the Commission.</p> | <p>C. Mandates as Asset Management Designated Service (AMDS)</p> <p>The absolute performance of the assets managed by the EIB on behalf of the Commission in the second quarter 2012 was positive. In terms of relative performance, all portfolios outperformed their benchmarks. The outperformance ranged from 65 bps for FP7 to 154 bps for RSFF, 330 bps for LGTT and 342 bps for GFEA. The main driver of relative performance for RSFF, LGTT and GFEA was the exposure to countries most affected by the financial crisis (Greece, Portugal, Ireland and Italy) which delivered strong positive results in the period. Risk and performance reports, based on investment strategies agreed between EIB and ECFIN, have been constantly monitored and are satisfactory</p> | <p>C. MANDATES AS ASSET MANAGEMENT DESIGNATED SERVICE (AMDS)</p> <p>Monitor the implementation of the 2013 Investment Strategies and results to show an outperformance of the respective benchmarks.</p> |
| <p>Management of borrowings</p> <p>Execution of all borrowing operations for EU-BoP, EU-MFA, EC-Art. 122 and Euratom at spread levels that are typical for first class Sovereign Supra-nationals and Agencies (SSA) sector borrowers</p> | <p>Management of borrowings</p> <p>As of 1 November 2012, seven borrowing transactions have taken place in 2012 for a total amount of EUR 15,839 billion.</p> <p>Six of them concerned EFSM loans for Portugal (4 tranches totalling EUR 8 bn) and Ireland (4 tranches for EUR 7.8 bn), and one the MFA loan</p> | <p>Management of borrowings</p> <p>Execute all legal mandates for borrowing and lending with a view to obtain best market terms in favour of the</p> |

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| | <p>for Armenia (EUR 39 mio). The first and the last borrowing operations included two tranches (for Portugal and Ireland), while the remaining five borrowings concerned one tranche each.</p> <p>As in the past, the achieved terms were similar (in most cases better) to the ones obtained by institutions comparable to the EU in terms of rating and shareholders (EIB) and by other first class SSA sector borrowers.</p> | loan beneficiaries. |
| <p>Management of the Greek Loan Facility Management of the debt service of the loans including capital and interest repayments</p> | <p>Management of the Stability Support for Greece</p> <p>Under the first programme (the so-called Greek Loan Facility or GLF), loans are provided by Member States and the process is coordinated by the Commission.</p> <p>A total of EUR 52.9 billion has been disbursed by the GLF to Greece in six loans. Under the conditions agreed after the second amendment to the Loan Facility, the GLF loans have a maturity of 15 years, a grace period of 10 years and include a margin of 1.5% that allows for compensation of higher funding costs among lenders.</p> <p>The last disbursement under the GLF took place in December 2011. On 28 March 2012, and following the decision on a second financial support programme, Greece decided to cancel the undrawn amounts under the GLF.</p> <p>As a consequence, the Commission has prepared a Rebalancing and Consolidation report approved by the EWG on 30 May 2012.</p> <p>The Rebalancing of the GLF ensures that the Member States contribution is in line with their respective adjusted ECB keys. The Consolidation facilitates the future management of the GLF by combining the 6 granted loans into 1.</p> | <p>Management of the Stability Support for Greece</p> <p>Execute the coordinating role of the Commission for the Member States in a timely and accurate way. Efficient and correct execution of payment flows between Greece and the contributing MS.</p> |

Main policy outputs for 2013

Borrowing and lending activities:

- ECFIN will continue to be involved in supporting the joint efforts of the Commission with the ECB and the IMF to address the consequences of the financial crisis in particular concerning the different financial instruments and facilities like the EFSM, the EFSF, the Greek Loan Facility and the ESM.
- The support provided by the EFSM Facility to Ireland and Portugal will be completed in 2013. The EFSM must still borrow EUR 7.7 billion for both countries to complete the approved programmes that amount to EUR 48.5 billion in total, of which EUR 40.8 billion have been disbursed so far.
- ECFIN will continue to administer the Greek Loan Facility (GLF). Although there will be no further disbursements under the GLF, the administration of the facility will need to be continued until maturity. The management of the debt service mainly concerns the calculation of interest (floating rate) and the capital reimbursement payable at each due date by Greece as well as the calculation of interest/capital reimbursement to the Lenders.
- ECFIN will continue to be responsible for the borrowing, lending and the management of the debt service of operations under the MFA/EURATOM and BOP facilities.
- ECFIN will continue to negotiate a loan agreement with Ukraine under the Euratom loan facility. The corresponding borrowings operations will be done once the conditions precedent to the loan are fulfilled.
- Advise on financial market development for borrowing and lending activities and in relation to market related policy decisions.

Guarantee Fund management

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- Annual report from the Commission on the Guarantee Fund and the management thereof in 2012
 - Report to the budgetary authority on guarantees covered by the general budget - Situation as of 31 December 2012
 - Report to the budgetary authority on guarantees covered by the general budget - Situation at 30 June 2013
 - Report on borrowing and lending activities of the European Union in 2012.

Off-budget Accounting including ECSC in liquidation and contribution to the Financial Statements of the Commission

- The Financial Report ECSC in Liquidation at 31 December 2011 is expected to be adopted by the Commission in June/July 2013.
- The financial statements concerning the financial instruments under the management of DG ECFIN will be consolidated with the 2012 financial statements of the Commission and the EU in line with the closing instructions established by the Accountant of the Commission (DG BUDG) and the reporting requirements laid down in the Financial Regulation

Management of Euratom loans and other nuclear matters

- The assessment of the loan application together with the EIB and the EBRD on the Safety Upgrade Programme for all nuclear units in Ukraine will continue. The relevant borrowings will be done once the conditions precedent to the loan are fulfilled.
- The update of the Cooperation Agreement with the EIB for EURATOM loans in Member States will be pursued in 2013.

Main expenditure-related outputs for 2013

Provisioning of the Guarantee Fund for external actions: EUR 155.66 million is foreseen to be transferred to the Fund for 2013.

In case of EURATOM loans, the cost of the preparatory works of the Commission will be covered by the EU and charged to the loan beneficiary.

5. Horizontal activities

Activity "Policy Strategy and Coordination for DG Economic and Financial Affairs"

The ABB Activity 'Policy Strategy and Coordination' gives the necessary impulse to the policy definition, preparation and implementation in order to achieve the overall mission of the Directorate General within the time-scales laid down. To that end, this Activity promotes the development of a strategic planning culture within the DG in accordance with the Commission Strategic Planning and Programming cycle so that legislative proposals and non-legislative acts pass smoothly and efficiently through the institutional system. Also, this Activity aims at the development of an administrative culture of better regulation and the use of evaluation and impact assessment as valuable policy instruments for policy shaping.

In addition, by the active promotion of the main policies of the DG through supportive means of information, communication, awareness raising and dialogue with decision-makers and other key stakeholders, this activity contributes directly to the success of the DG's main policies. Similarly, a sound coherence of the different activities within the DG, an efficient and effective liaison internally and with the horizontal services, the Cabinet, the other institutions involved including the European Parliament, the EFC and EPC, are essential to strengthen and further support the DG policy strategy.

This Activity includes the following functions:

- Policy strategy definition and coordination
- EFC/EPC secretariat
- Strategic planning and programming
- Internal communication
- Communication and dialogue with stakeholders (Member States, European Parliament) and the citizens
- Coordination of institutional affairs
- Better regulation, including policies' evaluation and impact assessment
- Internal audit

1. Objective "To provide guidance, policy definition and leadership to achieve the mission and objectives of the policy area "Economic and Financial Affairs"

Determine the general strategy of DG ECFIN and give the necessary impulse, direction and coordination to policy definition, preparation and implementation in accordance with the Commission priorities, multi-annual strategic objectives and Community law so that the overall mission of DG ECFIN is coherently fulfilled as framed and planned.

In parallel, secure effective and efficient representation of the Directorate General interests and strong involvement in internal Commission deliberations and other external fora so that the overall strategy and activities of the Directorate General are reinforced.

| Indicator | Latest known result | Target |
|---|--|--|
| Delivery rate of initiatives foreseen in the Commission Work Programme | All initiatives delivered as planned. | 100% initiatives delivered on time |
| Level of satisfaction of VP Rehn's Cabinet Members, of the President Cabinet and of the President's briefing Cell with DG ECFIN's work and output | 4.02 out of 5 in May 2012 ⁸ | To maintain score above 4 at the next stakeholder survey |

⁸ 1 means Very low, 2 means Low, 3 means Medium, 4 means High and 5 means Excellent.

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| Main outputs |
| General management and coordination (DG, DDG, assistant) |
| To ensure the effective management of DG ECFIN in accordance with defined priorities; to assist the Director General; to ensure the appropriate contacts with the Commissioner and his cabinet and the appropriate follow-up. |
| Operational support to general management |
| - Administrative support for the activity: secretarial work and filing system; organisation of conferences and meetings |
| - Financial management of the activity: budgetary programming for the actions under this activity; commitments and payments |
| - Training attended by the staff working under this activity |

2. Objective "To implement the Commission planning and programming process so that the DG delivers its policy objectives contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner"

Promote the development of a strategic planning culture within the DG; prepare the Management Plan (MP) and the Annual Activity Report (AAR) and co-ordinate the DG's contribution to the Commission Work Programme (CWP); ensure the follow-up and regularly monitor and report on the programming process of DG ECFIN's objectives and initiatives.

| Indicator | Latest known result | Target |
|---|---|-----------------------------------|
| Timely preparation and delivery of the various elements of the Strategic Planning and Programming cycle (CWP, MP and AAR) | In 2012, the contribution to the activity statements for the Preliminary Draft Budget (PDB) 2013, the Annual Activity Report (AAR) 2011, and the contribution to the Commission Work Programme (CWP) 2012 were delivered timely | All documents within the deadline |

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| Main outputs |
| Strategic planning and programming |
| Coordinate, prepare, monitor and report on the annual Strategic Planning and Programming cycle (SPP contributions to central services and implementation in the DG). |
| Coordinate agenda planning contributions and follow-up. |

3. Objective "To implement the Commission Smart Regulation strategy in an effective, timely, efficient and accountable manner"

Constantly support the decision-making process on new initiatives and simplification of existing regulation by thorough evaluations, including impact assessments, by systematic consultations of stakeholders and by simplification measures and methods so that:

- lessons from the past experience are fed into the EU regulation and demonstration of added value of EU action is based on solid evidence, and
- existing and new pieces of legislation contribute to the Commission strategic objectives.

| Indicator | Latest known result | Target |
|--|--|---|
| Degree of implementation of the annual evaluation plan | 4 new evaluations launched as planned in second semester 2012. 6 evaluations completed. | Number of evaluation launched: 100% Number of evaluations completed: >=80% |

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| Main outputs |
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Evaluating the DG's policies and programmes; co-ordinating and providing methodological support to impact assessments

The main objective of the evaluation function of DG ECFIN is to support organisational learning, improve the effectiveness of activities and programmes, and to increase accountability and transparency through the promotion of high quality and timely evaluation.

To liaise with central services on the further development of the impact assessment process and on administrative and legislative simplification inside the Commission. To provide methodological support on impact assessments inside DG ECFIN.

4. Objective "To carry out external communication on euro/EMU and to contribute to the general communication strategy of the Commission"

Develop, implement, monitor and adapt the most suitable external communication strategy to establish an effective and regular dialogue with stakeholders, civil society and specific target audiences so that these actors better understand, endorse and apply the EU policies promoted by the DG. Most communication activities are directly implemented by the services. Moreover, Partnership agreements are concluded with a number of Member States to support their communication activities in view of the euro introduction in those countries.

| Indicator | Latest known result | Target |
|---|--|---|
| Increase understanding of Commission's contribution to the creation of deep and genuine EMU | Since 2008, Commission has adopted several legislative proposals and communications aimed at strengthening EMU governance, implementation of European Semester. Commission plays central role in EU's comprehensive response to the crisis, including design and implementation of financial assistance programmes | Commission to be perceived as key driving force toward a deep and genuine EMU. Commission to be perceived as credible and honest and socially oriented advocate of structural reforms designed to lay foundations for sustainable and inclusive growth and job creation in the EU |
| Increase in knowledge among the general public of the euro and EMU, as measured by specific surveys. | Practical benefits of the euro are widely recognised by the population of the euro area. | To increase the knowledge on the euro and the EMU among the general public |
| Increased public knowledge of the changeover to the euro and involvement by the general public and business sector in the new Member States, as measured by specific surveys. | In the Member States that have acceded the EU more recently and have not yet adopted the euro (i.e. NMS-7), the results of the Spring 2012 survey (Flash EB 349, fieldwork April 2012) showed that 39% of respondents felt rather or very well informed. | To increase the knowledge on the euro changeover, euro and the EMU among the general public |

Main outputs

Co-ordination and implementation of the external information and communication strategy of the DG

DG ECFIN is pursuing a continuous communication effort on EMU and euro. DG ECFIN actively communicates on the Blueprint for a deep and genuine EMU, on the European Semester and the reform of the Economic Governance. The new legislation (six-pack) strengthens the Stability and Growth Pact, introduces the mechanism for preventing and correcting Macroeconomic Imbalances and improves the economic governance in the euro area and in the EU. DG ECFIN's communication actions are targeted at the stakeholders and the wider public in order to explain the Commission's active role in responding the economic crisis and improving economic governance in the EU. It is important to ensure the understanding and support for the common currency and EMU, including the rationale behind Maastricht criteria, Stability and Growth Pact and the importance of long term sustainability of the public finances. ECFIN explains how these will help to exit the crisis, restore economic stability and ensure economic growth and job creation in the EU.

The reform of the Economic Governance, proposed by the Commission in 2010 entered into force in Autumn 2011. In line with the Commission's 2012 strategic priorities and the Commission's Communication 'A roadmap to stability and growth',

DG ECFIN will actively communicate on the new legislation and the positive impact improved economic governance is expected to have on the economic stability, preventing future crises and restoring jobs and growth in the EU. The communication efforts related to the improvements in the economic governance form an integral part of the main communication focus of DG ECFIN: to explain the added value of the European semester and to highlight the Commission's contribution to the EU's comprehensive response to the crisis, including the Euro area backstop mechanisms and frontloading stability and growth enhancing policies.

Communication objectives

DG ECFIN's communication actions are targeted at stakeholders such as economists and economic journalists, while reaching out to the general public is the key in order to explain the rationale behind the Commission's proposals. ECFIN explains how these will help to exit the crisis, restore economic stability and ensure future economic growth and job creation in the EU.

It is important to ensure the understanding and support for the common currency and EMU, including the rationale behind Maastricht criteria, Stability and Growth Pact and the importance of long term sustainability of the public finances.

Providing expert audiences, like academics, financial analysts, journalists and other interested parties with comprehensive information on our EMU surveillance related activities is the main priority. This will be particularly relevant in 2013 in the context of the on-going implementation of European Semester and enhanced economic surveillance. The absence of substantial economic growth and persisting negative trend in some labour markets will keep DG ECFIN's economic and fiscal policy work and the follow up on the Economic Governance and Europe 2020 strategy in the spotlight of public interest. To provide appropriate support to DG COMM (SPP and Representations) about ECFIN's policies in the media will be crucial in this respect.

In parallel, ECFIN intends to make information related to the euro and EMU and related policy developments available to the general public via brochures, AV-material and the internet, to organise seminars, conferences, exhibitions and other events, to conduct opinion polls to assess citizens' views, and to promote the exchange of best practice amongst Member States through twinning arrangements. DG ECFIN may also implement euro related competition and/or conduct a limited advertisement campaign.

An active and well – prepared communication is crucial in the countries entering the final stage of the preparations for euro adoption. The success of the euro changeover is largely dependent on public acceptance and thus on effective changeover communication campaigns. Changeover related communication activities in 2013 are dependent on the progress in real convergence. While no changeover will take place in 2013, preparatory work in several pre-in countries will continue.

5. Objective "To carry out the DG's internal communication strategy"

Develop, implement, monitor and adapt an internal communication strategy as an integrated part of the DG's policy and management activities and establish direct communication, consultation and feed-back channels between management and staff.

Ensure that staff understand and share the vision and objectives of their department, are motivated to work towards them by building motivation and *esprit de corps*, and are able to work effectively together by sharing and having access to the information they need.

| Indicator | Latest known result | Target |
|---|--|---|
| % of best practices identified in the internal communication area which are put in practice by the DG | <p>Internal communication strategy was adopted in January 2009, on the basis of the Commission-wide best practice guidelines.</p> <p>It includes 13 action points, most of which had been fully or partially implemented by Autumn 2011.</p> <p>Improvements include: use of new information media such as electronic newsletter; increased reporting on management decisions; use of collaborative IT tools; and integration of IC into</p> | Gradual implementation of agreed actions, to be monitored via twice-yearly reporting. |

| | | |
|---|--|--|
| | <p>working methods.</p> <p>ECFIN Intranet, the main internal communication platform, was migrated to the corporate MyIntraComm environment in Autumn 2012. In parallel, extensive revamp took place.</p> <p>In November 2012, new internal knowledge-sharing platform 'Midday info sessions' was introduced.</p> | |
| Feedback on existing internal communication | <p>Video-briefings by Director General and other senior managers well received by staff.</p> <p>Initial editions of 'Midday info sessions' confirm there is high demand and substantial perceived value-added of this platform.</p> <p>Survey on staff newsletter conducted in May 2009 with a strongly positive result. 94% of respondents believed that the newsletter contributed to internal communication.</p> <p>On-going contribution to promotion of shared expertise via Speakers Pool – repository of ECFIN presentations.</p> | Maintenance and gradual improvement of existing internal communication tools |
| Main outputs | | |
| Co-ordination and implementation of the internal information and communication strategy of the DG | | |
| To keep DG ECFIN staff informed of developments occurring in the Commission and in the DG; to communicate effectively the management of the DG; to have staff at all levels involved in improving internal communication. To further develop the internal communication strategy. | | |

6. Objective "To strengthen policy coordination through inter-institutional relations and cooperation with other stakeholders"

Establish and maintain dialogue and cooperation channels with other DG's, the co-legislators European Parliament and Council, the Member States and other inter-institutional stakeholders so that progress of legislative proposals and non-legislative initiatives put forward by the DG is smooth and efficient through the institutional system and beyond.

| Indicator | Latest known result | Target |
|--|--|---|
| Backlog of Parliamentary questions for which ECFIN is responsible. | From 2011 to 2012 the number of Parliamentary questions (EPQ) for which DG ECFIN is on the lead, rose from 440 total for 2011, to 300 in the first half of 2012 and is expected to surmount last year's numbers. ECFIN is dealing with an average of 70 questions all the time (of which more or less 30 in the lead). Despite the systematic increase of EPQs since 2009, the total number of questions not answered on time (black list) is kept under strict control and the number of questions where the answer was delayed has remained limited to only a few. | Number of blacklisted EPQ (not answered on time) by DG ECFIN close to zero. |
| Main outputs | | |
| Inter-institutional relations | | |
| Co-ordinate the relations with the other institutions and ensure appropriate regular contacts with the European Parliament, the Council and the other institutions in particular to facilitate trilogue negotiations between the co-legislators on legislation, such as the Commission's "Two-Pack" proposals or other forthcoming initiatives to strengthen economic governance and set down the building blocks defined in the report by the four presidents on deepening EMU through a regular exchange of information. Vis-à-vis the European Parliament, to coordinate the Commission's timely input into the economic dialogue mandated by the "Six-Pack" legislation. | | |

7. Objective "To provide independent, objective and professional assurance and consulting services to the Director General"

Assess the quality and effectiveness of control systems in place, recommend and advise the Director-general in an independent and objective manner on sound and efficient management of the operations and resources within the DG so that the Director General can discharge overall responsibility for it.

| Indicator | Latest known result | Target |
|---|---|--------|
| Audit reports issued in the framework of the agreed annual working plan | Work Programme for 2012 provides for 6 audits, (being the finalisation of 1 carried over from 2011 and 5 new audits) and 4 follow up audits (being the finalisation of 1 carried over from 2011 and 3 new follow up audits). At 31 st October 2012, 3 audits were finalised by IAC and 1 was at an advanced stage and 1 started. As far as follow up audits, 1 was finalised and 1 almost completed. | >=80% |
| Level of acceptance by the auditees of IAC audit recommendations | 3 audit reports issued including 19 recommendations, all of them were accepted. | >=80% |
| Degree of implementation of audit recommendations based on follow up audits carried out | 1 follow up audit was finalised: the IAC assessed 10 recommendations as implemented. | >=80% |
| Main outputs | | |
| <p>Assurance services</p> <p>In accordance with the annual audit work programme approved by the Director-General, carry out compliance, financial or operational audits in order to ensure for the audited activities or processes that:</p> <ul style="list-style-type: none"> - Financial and management information is reliable and complete; - The operating systems comply with regulations, rules, policies and procedures; - Procedures for the safeguarding of assets and the discouragement and detection of fraud are in force; - The activities and operations of the DG are carried out with due regard to economy, efficiency and effectiveness <p>Relations with the audit community</p> <p>Relations with the Commission's audit community (Auditnet, other IACs, and IAS) and the ECA: ensure a regular and active participation in the Auditnet and the relevant working subgroups.</p> <p>Maintain a smooth, constructive and transparent liaison with the Internal Audit Service. Transmit within the required deadlines the quarterly and annual activity reports and the finalised audit reports as foreseen by the relevant Commission decisions. Act as a liaison point between ECFIN and the Court of Auditors. Maintain a regular and helpful relationship with its auditors in order to facilitate as far as possible the carrying out of their audits in a timely and efficient manner.</p> <p>Consulting services</p> <p>Consulting services, notably on AAR process, internal control system and risk management: assume an advisory role on major changes in organization or processes and respond to consultation from the Director General or the Directors on specific topics but notably control systems and risk management.</p> <p>Ensure an advisory role in the AAR process and issue an opinion on the state of control in the framework of this report. The Head of Unit also has an observer post in the Internal Control Management Group.</p> | | |

8. Objective "To contribute to the co-ordination of economic and financial policies in the EU through the efficient functioning of the EFC, EPC and EWG "

To continue to contribute to the formulation, co-ordination and surveillance of economic and financial policies in the EU through the smooth and efficient functioning of both the Economic and Financial Committee (EFC) the Economic Policy Committee (EPC) and the Eurogroup Working Group (EWG), as well as their subcommittees and

working groups, in particular as regards administrative and general support. This includes the preparation of reports and opinions for the EFC, the EPC, the Council and the Eurogroup; as well as Ecofin and Eurogroup draft conclusions and statements. To provide support and policy advice to the President of the Eurogroup and the Brussels-based permanent President of the Eurogroup Working Group (EWG).

| Indicator | Latest known result | Target |
|--|--|---|
| Number of workshops, conferences and meetings | 92 | To meet the obligations as set by the 2013 Work Programs of the Committees and their Working Groups |
| Number of teleconferences | 97 | |
| Number of notes and reports (documents registered in ARES) | 183 | NA |
| Level of satisfaction of EFC/EPC members with DG ECFIN's work and output | 3.67 out of 5 in May 2012 ⁹ | 3.75 to be obtained at the next stakeholder survey |

Main outputs

Secretariat of the EFC and the EPC

The Treaty (Art. 114) describes in detail the mission of the EFC (Economic and Financial Committee). The Committee is the main forum for the preparation of discussions and decisions at ministerial level in both the Eurogroup and the Ecofin. The EPC (Economic Policy Committee) is a sister committee concentrating on specific areas of competence decided by the Council. Both committees are assisted in their tasks by a number of working groups. The Commission (DG ECFIN) not only provides the administrative and logistical support to both Committees (through the Secretariat of the EFC/EPC, which is headed by an ECFIN Director), but is also represented in both Committees, and contributes to their activities to a considerable extent. The Secretariat also provides support and policy advice to the President of the Eurogroup.

Activity "Administrative Support for DG Economic and Financial Affairs"

The ABB Activity 'Administrative support' covers the work of the horizontal services within DG ECFIN. They provide high quality administrative support, advice, assistance and control and monitoring of resource use to DG ECFIN.

This activity also provides internal audit advice within DG ECFIN, which is designed to provide assurance of the soundness of internal controls and of financial and operational management as well as accounting and reporting systems.

The Activity includes the following functions:

- Human Resource management
- Financial management
- ICT management
- Document management
- Co-ordination and support in the areas of internal control and risk management

1. Objective "To ensure implementation and monitoring of a reliable internal control system within the DG"

To implement and maintain an effective internal control system so that reasonable assurance can be given that resources assigned to the activities are used according with the principles of sound financial management and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions in the area of budget and off-budget operations.

⁹ 1 means Very low, 2 means Low, 3 means Medium, 4 means High and 5 means Excellent.

| Input indicator ¹⁰ | Latest known result | Target |
|---|---|---|
| <p>Resources devoted to ex ante and ex post controls</p> <p>Resources devoted to analysis and verification of applications, programme monitoring and initiation of financial transactions and verification of trust accounts</p> <p>Resources devoted to control of off-budget operations</p> | <p>The ex-ante verification sector in the Financial Unit consists of five staff members.</p> <p>The ex-post control team counts 4 posts.</p> <p>The Internal Audit Capability is composed of 3 auditors and 2 assistant auditors.</p> <p>Additional input needs to be taken into account for some specific activities of DG ECFIN relating to the Activity "Financial Operations and Instruments"</p> <ul style="list-style-type: none"> • Concerning programmes managed via international financial institutions, 170 FTE (21 people) ensure the verification of transactions. In addition, the financial statements regarding the programmes are certified by external auditors. • Concerning the off-budget operations, the following controls are organised: <ul style="list-style-type: none"> level 1: verification of borrowing/lending operations: 49 FTE (8 staff) level 1: verification of Treasury operations (back office): 15 FTE (4 staff) level 2: authorised signatures: 13,5 FTE (7 staff) level 3: SWIFT validation: 2 FTE (7 staff) level 4: bank account reconciliation: 9 FTE (3 staff) <p>Moreover, the financial risk management function is ensured by 28 FTE (3 staff). Additional checks are carried out by external auditors.</p> <ul style="list-style-type: none"> • Concerning the management of the Guarantee Fund for external actions and of the Asset Management Designated Service (AMDS) mandates, the monitoring function is ensured by 21 FTE (4 staff), the financial risk management function by 2 FTE (2 staff). <p>Additional input needs to be taken into account for some specific activities of DG ECFIN relating to the Activity "International Economic and Financial Affairs" and "Economic and Monetary Union":</p> <ul style="list-style-type: none"> • Concerning BoP assistance facility: 146 FTE (38 staff member) for the development, monitoring and implementation of medium-term financial assistance to Member States outside of the euro-area as well as controls, including coordination with international institutions (IMF, WB, others). • Concerning financial assistance programmes to euro area Member States for the development, monitoring and implementation of medium-term financial assistance to euro area Member States, including coordination with IMF and Member States, as well as related controls: <ul style="list-style-type: none"> -Greece: 362 FTE (52 staff) -Portugal: 276 FTE (46 staff) | <p>Sufficient resources for ensuring implementation of the objective.</p> |

¹⁰ Each staff is expressed both in terms of "number of staff" working on a specific activity as well as in terms of FTE man/month.

| | | |
|---|--|--|
| | <p>-Ireland: 168 FTE (35 staff) -Spain: 72 FTE (28 staff) -Cyprus: 36 FTE (25 staff).</p> <ul style="list-style-type: none"> Concerning MFA operations: 75 FTE (9 staff) for the development, monitoring and implementation of macro-financial assistance with candidate and potential candidate countries. Concerning BUFI/FIN1 operations: 15 FTE (7 staff) plus staff from DG BUDG for the monitoring of the asset management for BUDG. | |
| Output indicator | Latest known result | Target |
| Number of programmes audited during ex post controls compared with total number of programmes | Four out of ten major programme categories. ¹¹ | 6/10 |
| Ratio measuring sampled expenditure checked during ex post controls compared with total expenditure for the project or (in other cases) programme/facility under review | It is not meaningful to produce a single global indicator in a DG with many diverse activities many of which are multi-annual. | N/A |
| Result indicator | Latest known result | Target |
| Degree of implementation of action plans for critical risks compared to the agreed planning | No internal critical risk was identified by DG ECFIN in 2012. | 100% |
| Number/ value of cases referred to OLAF for investigation compared with total programme expenditure | No case submitted to OLAF in 2012 | NA |
| Ratio of ex-post observations accepted as factually correct over number of observations issued (qualitative) | This ratio cannot be calculated at present, as only one new report has been issued, and the replies from the operational unit on this report were not yet received. | >=80% |
| Impact indicator | Latest known result | Target |
| Overall assessment of the supervisory and control systems | <p>The financial organisation adopted by the DG has now been in place for eight years and has come to maturity. The implementation of DG ECFIN's budget in 2011 has been largely satisfactory thanks to a good implementation of the existing regulatory framework by most financial actors.</p> <p>In the context of the action plan which was set up as a follow up to the problems which led to reservations in the AAR 2006 and 2007, corrective actions have been implemented, which have contributed to a significant improvement of the internal control systems.</p> | Effects of the controls on AOD's and third parties' assurance regarding the legality and regularity of expenditure are satisfactorily demonstrated and followed up, leading to an improvement of the internal control systems. |
| Main outputs | | |
| Co-ordination and support in the areas of internal control, risk management and business continuity | | |
| To contribute to the implementation and continual improvement of the control systems of DG ECFIN, the Internal Control | | |

¹¹ Programme categories: SMEG, Venture Capital Facilities (ETF S/U, GIF, etc), SMEFF, other IFI facilities (MFF, MIF, Prep action, etc), MFA, Surveys, Prince, Other budgetary, Off-Budget.

Management Group ensures overall co-ordination, assessment, monitoring and reporting on these issues.

Provision of support and coordination to the DG's risk assessment and management exercises.

Ensuring follow-up of actions defined in the context of the AAR, the Synthesis and audits, ex-post controls, evaluations and risk assessment exercises, including the co-ordination of the Court of Auditors discharge procedure for DG ECFIN.

Coordination of the establishment and implementation of DG ECFIN's business continuity plan.

2. Objective "To promote and maintain sound and efficient management of financial resources within the DG"

To plan, perform, monitor and report on the spending of financial resources so that financial management is ensured throughout the DG's activities.

Ensure the right accounting of budget-based financial operations.

| Indicator | Latest known result | Target |
|---|---|---|
| Percentage of payment files executed within contractual time (target: >90%) | Objectives were almost met with 86% of payments being paid in time. | At least 90% |
| % of budget execution (commitments) with respect to annual and final budgets (target >90%, excluding MFA lines) | Situation towards the end of 2012 (99.46%, excluding MFA) points to an extremely high level of budget execution in 2012. | At least 90%, excluding MFA lines |
| % of budget execution (payments) with respect to annual and final budgets (target: >80%, excluding MFA lines) | Situation regarding payments (97.25% excluding MFA) is also very satisfactory. | At least 80%, excluding MFA lines |
| Number of financial exceptions (target: keep stable/reduce the number of financial exceptions; 100% of decisions to override negative opinions on transactions are properly registered each year) | The number of overrides towards the end of 2012 (9) slightly higher compared to previous years (8 in 2011 and 7 in 2010). | Keep stable/reduce the number of financial exceptions; 100% of decisions to override negative opinions on transactions are properly registered each year) |
| Number of recovery orders per ABB activity | 109 recovery orders were issued, most of which (101) relate to the ABB activity "Financial Operations and Instruments". | |

Main outputs

- **Prepare and negotiate title '01' of the EU budget (economic and financial affairs); ensure budget execution and associated monitoring.** Estimation of budgetary requirements in consultation with operational services, and incorporation of these estimates in the annual Draft Budget along with supporting material. Monitoring developments throughout the annual budgetary procedure. Subsequently, preparation of proposals for rectifying budgets and budgetary transfers, including the clearing exercise of the global envelope and the end-of-year global transfer procedure.

Allocation of budgetary appropriations between services on the basis of established objectives and priorities, notably through the ACUR (Advisory Committee on the Use of Resources) vetting process. Establishment of initial and revised Annual Implementation Plans; follow-up of reports on potentially abnormal RAL.

- **Provide advice on budgetary procedures and financial management; internal and external reporting.** Provide advice to Authorising Officers by Sub-Delegation (AOSD) and to Operational Initiating Agents (OIA) on budgetary, tendering and contractual questions, and on payments and recoveries. Ensure that unit R2's intranet provides the necessary guidelines for operational services. Establish regular and ad hoc reports on budgetary consumption, e.g. the quarterly 'tableaux de bord', carried out for the management of the DG and in response to requests from external services (in particular DG BUDG). Prepare an annual Management Report on financial activities in the context of the Annual Activity Report exercise. Prepare requests for inclusion in Early Warning System, responses to court orders attaching payments to contractors and contributions to inter-services consultations in the financial field.
- **Financial archives and administration.** Maintenance of secure financial archives in Brussels and Luxembourg and retrieval of material stored in them.
- **Financial initiation and ex-ante verification.** In collaboration with the OIA, assist the AOSD in the preparation of

financing decisions, budgetary commitments (including publication of prior information notices and of Calls for Tenders and for Proposals), payments and recovery orders in accordance with Financial Regulation and ACUR approvals. Encoding in ABAC/SINCOM and depositing in financial archives. Ex-ante verification of budgetary and legal commitments, payments and recovery orders before authorisation by the AOSD.

3. Objective "To promote and maintain sound and efficient management of human resources within the DG"

Recruit, train, assess, motivate and retain highly qualified staff so that effective and efficient operation of the DG and promotion of equal opportunities are ensured.

| Indicator | Latest known result | Target |
|---|--|---|
| HR Capacity utilisation | 92,5% (source: Sysper2) | 94.3% |
| Sick leave as a % of working time | Sick leave: 3.9% | =<3% |
| Mobility rate (staff turnover) | 12 % 80officials have been transferred within ECFIN since the beginning of the year, representing officials on 12% of ECFIN's establishment plan posts | 6% |
| Utilisation of training budget | 72% of the training budget of 203,924€ allocated by DG HR has been used on 4/12/2012 to organize/manage 48 learning activities. This allocation includes a reinforcement of 1000€ received for the TFGR at the HR clearing exercise. | 100% |
| Flexible working arrangements: provision of temporary/cover staff for all staff on parental/part-time leave of 50%/maternity leave/long term sickness | Temporary cover was provided in the case of 33,4% (FTE – full-time equivalent) of absences for parental/part-time leave/ maternity leave and long term sickness (according to the general policy of the Commission, cover is provided for absences of 3 months or more, or 50% part-time for 3 months or more). | 100% |
| Gender breakdown by grade (targets) 1. Women in AD category (non-management) 2. Women in AST category 3. Women to occupy Deputy Heads of Unit or Heads of Sector posts 4. Women to occupy middle management posts 5. Women to occupy senior management posts | 1. Women as a percentage of the AD workforce: 32,4% 2. Women as a percentage of the AST workforce: 66,2% 3. Women as a percentage of DHoU/HoS workforce: 17,8% 4. Women as a percentage of HoU workforce: 23,3% 5. Women as a percentage of senior management: 14,3% Note: For management posts, percentages have been calculated on the basis of filled posts. For senior management in particular, this has inflated the proportion of women. | 1. 42.7% (Commission target 2012) 2. No target 3. No target 4. 23.7% (ECFIN-specific target 2012) 5. 24.8% (Commission target 2012) |
| Satisfaction survey of provision of HR services | No specific survey on satisfaction with ECFIN's HR services was carried out in 2010, given that a Commission-wide staff satisfaction survey addressed this question and just 47% of respondents stated their satisfaction with the services provided by ECFIN's HR team (160 staff members took part in this survey, representing 26.2% of all working staff). | At least 50% participation and 60% good and above comments in feedback |
| Main outputs | | |
| Staff and job management; mobility; working environment and organisation; equal opportunities implementation | | |

and mid-term review

- Monitor and take steps to improve vacancy rate: in this context, R1 provides a report on open vacancies in advance of each directors meeting which is circulated by the DG's assistant to directors. The reorganisation has led to a substantially higher number of vacancies to be filled due to additional resources being made available to DG ECFIN. Recruiting officers continue to be supported by R1 recruitment team.
- Ensure the smooth and effective management of the appraisal, objective-setting and promotion exercises, as well as the attestation and certification exercises.
- Effective implementation of secondment and exchange procedures.
- Manage and oversee the implementation of a flexitime system, and monitoring of its impact; ensure efficient management of leave and absences, including regular monitoring of absence rates and take-up of leave entitlements.
- Provide staff and candidates interested in ECFIN with appropriate information on HR issues.

Learning and career development

- Set policy context and priorities for learning and development in the DG, as expressed in the annual learning and development framework (LDF), with particular focus on professional economics, statistics and finance training, communication and senior and middle management,
- Ensure implementation of commission-wide learning and development policy within the DG,
- To be responsible for the overall implementation of the LDF, as updated in the course of the year following the DG HR clearing exercise,
- In line with the Human Resources strategy and to complement the existing programme for all staff, to develop a training programme for selected group of staff members that will be delivered by ECFIN staff and will focus on the main areas of activity of ECFIN.
- Support organisational development in the DG, including equal opportunities issues
- To provide a high-quality career guidance service,

4. Objective "To promote and maintain sound and efficient management of IT resources within the DG

Define, plan, set up, maintain and develop high quality Information Technology (IT) infrastructures, tools and services so that the staff is adequately supported in their operation.

Implement and maintain efficient local IT governance, based on the IT governance approved by the Commission and standard methodology (COBIT, ITIL). Convert relevant audit recommendations for local ICT management into actions approved by the senior management and implement them.

| Indicator | Latest known result | Target |
|--|---|--|
| Average time to resolve the problems related to standards IT applications/infrastructures | No known critical problems. The statistics are not readily available from the SMT Report. With the migration to ITIC (during 2012) proper statistics will be available. | Critical: <=60 minutes (95% of incidents) Urgent: <=120 minutes (95% of incidents) |
| Percentage of critical and urgent incidents responded and resolved within the defined time limit | 100% of critical tickets were responded within the defined limit - 100% were resolved in less than 1h. 66% of urgent tickets were responded within the defined limit The local Helpdesk was centralised (ITIC) in 2012. | Critical: 95% responded within 15mn - 95% resolved or re-assigned within 1h Urgent: 95% responded within 15mn - 95% resolved or re-assigned within 2h |
| Percentage of projects having clearly identified business owner and reported in GovIS | 100% of active projects. The inventory of projects and IT systems that are not under R4 responsibility was done and GovIS has been updated accordingly. | 100% |

| | | |
|--|--|---|
| | This inventory will be updated annually after bilateral meeting with operational units. | |
| Number of IT trainings organised locally for ECFIN staff | 4 (trainings put on hold in view of expected migration to Windows 7 and MS Office 2010) | |
| Staff participation in satisfaction survey on the quality of IT support service and relevance of the received feedback | Results of the survey done in the beginning of 2010: - overall 77% positive comments - IT Helpdesk: 90% satisfaction - local IT support: 92% satisfaction | 70% good and above comments, with a view to an annual increase of positive comments of 5% |
| Quality of IT equipment inventory | 0,22% All IT equipment localized in Luxembourg during the most recent exercise (2/2011). | Ratio of "not found" IT equipment in a given year <1,5% |

Main outputs

Ensure the management of local IT resources; information management; coordination with DIGIT: This action relates to the administrative management of IT resources allocated by DIGIT for infrastructure (equipment, training, and user support), contracts and the IT inventory. Management of IT budgets for the development and maintenance of Information systems. Ensure security and data protection for the local information systems and office automation. Implementation of security rules and follow-up of internal and external audits for financial systems. Liaise with DIGIT on IT governance; participate in working groups and CTI.

Develop, implement and maintain information systems, including the local system administration (LSA) and database administration (DBA): This action covers project management and information system development using Commission's standard tools (RUP@EC), application development, implementation and maintenance of IT applications. It includes the local IT infrastructure administration, the local system administration (network, clients and servers) and database system administration

IT training and support: Based on information gathered from the local helpdesk and the user support team, the local IT staff defines and organizes training actions and workshops. The same applies for statistical and economic packages or specific applications.

5. Objective "To promote and maintain sound and efficient document and logistics management"

Put in place and maintain effective document management system so that any document connected with the DG's official functions can be electronically filed, stored and retrieved in any moment irrespective of its original form and the document management system in place.

Manage the DG's physical assets and office space effectively.

| Indicator | Latest known result | Target |
|---|--|--------|
| % of citizens' mail answered before 15 working days | Concerning the requests for public access to documents, given their complexity, more delays are being registered. More resources have been attributed to this function, which should clear the backlog by end of the year. | 100% |

Main outputs

Logistics management and Document management (CAD):

- Improve and facilitate the work of DG ECFIN by ensuring that the Directorate General gets effective logistical support; ensure an optimum use of space and equipment allocated to the DG; maintain the DG's inventory; register and distribute incoming and outgoing mail within 24 hours;

- Provide support and assistance for the use of the Commission tools to register documents (ARES); co-ordinate the launch and the assignment of Inter-Services Consultations; manage the complaints received in CHAP; deal with the application of the DG's filing plan (DMO), including the use of the IT tool NOMCOM.

ANNEXES

Annex 3. Prioritised internal control standards for effective management

Based on recent IAS and IAC audits (ref in footnote) as well as the 2012 Risk Management exercise, DG ECFIN has drawn up the list below of priority ICS to improve their effectiveness in 2013.

| Standard | Brief description of the reasons for prioritisation (if the Standard was prioritised in n-1 state the reason for continuing to do so) |
|---|--|
| ICS#8 Processes and procedures | <p>This standard was also prioritised in the MP 2012 and remains a priority area for DG ECFIN in 2013. The first baseline requirement states in particular that main operational and financial processes and procedures and IT systems must be adequately documented.</p> <p>Particular emphasis should be put on the DG's security policy, where action is required to ensure that the DG's internal procedures are aligned with HR DS Security Standards implementing rules, also with respect to increased activity on programme countries. The 2012 risk management exercise furthermore highlighted IT management risks (leaks of sensitive information and loss of data from mobile devices).</p> |
| ICS# 11 Document management | <p>In the light of the results of the effectiveness review carried out by Secretariat-General in October 2012 and as suggested in its note¹², ICS#11, despite improvement on several aspects of document management, will be prioritised in 2013.</p> <p>Initial action will focus on information and awareness activities, including training, for all staff, implementation of the reviewed fling plan and establishment of guidelines on registration and filing tailored for the needs of DG ECFIN in line with the developments to document processes and procedures (ICS#8). In the second phase, DG ECFIN will discuss document management with the Cabinet and other DG's to foster a more effective document management in the DG.</p> |
| ICS#12 Information Communication and | <p>The 2012 risk management exercise underlined that maintaining a broad consensus amongst political parties and the population for adjustment programmes is central to ensuring their sustained implementation. However, communication on programme country support has been hindered by a non-standardised approach amongst Troika partners and complicated by the governance structures in the Commission on communication policy involving the cabinets, SPP, COMM and ECFIN.</p> <p>ECFIN has stepped up its communication effort as regards external communication at a technical level.</p> |

¹² ARES(2012)1435771 – 04/12/2012

Annex 4. Planning of evaluations and other studies

| N° | Title of evaluation (possibly working title) | Intended use of the evaluation, and Activity concerned | ABB heading | Type of evaluation | | Timing | |
|----|--|--|-------------|---------------------------------------|--|--------------------|------------------|
| | | | | Prospective* (P) or retrospective (R) | External (E), internal (I), internal with external support (I&E) | Start (month/year) | End (month/year) |

I. Ongoing evaluations (work having started in previous years)

| | | | | | | | |
|---|---|--|--|-------|---|---------|---------|
| 1 | Evaluation of Ameco internal database | Following the recommendation of the recent audit report on the management of models and databases in directorate A, a comprehensive periodical survey of the stakeholders of these tools should take place in order to assess the level of satisfaction of the main users. | Economic and monetary union | P & R | E | 09/2012 | 03/2013 |
| 2 | Evaluation of BoP assistance operations (country(-ies) to be decided) | This evaluation focuses on assessing ex post the contribution of EU medium-term financial assistance under the balance of payments facility for Member States to macro-economic and structural adjustment of the recipient country. | Economic and monetary union | R | E | TBC | 03/2012 |
| 3 | Evaluation of MFA operations in Armenia | This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG. | International economic and financial affairs | R | E | 10/2012 | 10/2013 |
| 4 | Evaluation of MFA operations in Moldova | This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG. | International economic and financial affairs | R | E | 10/2012 | 10/2013 |
| 5 | Evaluation of MFA operations in Serbia | This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG. | International economic and financial affairs | R | E | 10/2012 | 10/2013 |

II. Evaluations planned to start 2012 or later

| | | | | | | | |
|---|---|--|--|-------|---|---------|---------|
| 6 | Evaluation of economic surveillance activities related to third countries - EU Neighbourhood Policy | This formative evaluation will assess how efficiently and effectively conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs has been carried out in support of the implementation of the EU Neighbourhood Policy. | International economic and financial affairs | P & R | E | 01/2013 | 12/2013 |
| 7 | Interim evaluation of the project bond pilot initiative | The Commission is obliged to report on the implementation of the pilot phase to the Council and Parliament in the second half of 2013. This evaluation will provide the necessary information for the Commission report. | Financial operations and instruments | | | 01/2013 | 12/2013 |

| | | | | | | | |
|----|--|---|--|-------|---|---------|---------|
| 8 | Interim evaluation of the Marguerite Fund | The initial investment period of the fund is end of 2016, therefore a "mid-term" evaluation of its performance will measure the effective value added of the EU contribution and assess if the Fund is respecting the general and specific objectives set in the Private Placement Memorandum allowing taking corrective measures during the second half of the investment period. | Financial operations and instruments | | | 01/2013 | 12/2013 |
| 9 | Evaluation of Treasury & asset management | This formative evaluation will concentrate on ways of improving the on-going activity of treasury management, inter alia by determining whether processes are working correctly and judging its effectiveness. | Financial operations and instruments | P & R | E | 01/2013 | 12/2013 |
| 10 | Evaluation of the ELENA programme | This evaluation will take stock on the implementation of Elena and the IFI facilities because 2013 will be the last year these programmes will be managed. | Financial operations and instruments | | | 01/2014 | 12/2014 |
| 11 | Evaluation of economic surveillance activities related to third countries - EU enlargement | This formative evaluation will assess how efficiently and effectively conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs has been carried out in support of the implementation of the enlargement process. | International economic and financial affairs | P & R | E | 01/2014 | 12/2014 |
| 12 | Evaluation of activities related to euro area enlargement | The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary while compatible with the Treaty and the applicable secondary legislation, to changes to the these activities of the DG and their resulting outputs, with consequent benefits for the various counterparts and other users. | Economic and monetary union | P & R | E | 01/2014 | 12/2014 |
| 13 | Evaluation of euro communication | The overall aim of this evaluation is to analyse the extent to which the Commission's communication activities between 2007 and 2013 facilitated the introduction of the euro, more specifically as regards new Member States and to come to recommendations as regards the overall communication policy in relation to Economic and Monetary Union, in preparation of the revision of the multi-annual communication strategy of DG ECFIN. | Economic and monetary union | P & R | E | 01/2014 | 12/2014 |
| 14 | Evaluation of DG ECFIN's economic research activities | The aim of the evaluation is to help strengthen the DG's economic research activities and the links with policy-making. Through this evaluation, we want to find out how relevant DG ECFIN's economic research is to its current or potential users and what use they make of it. It will follow up on the evaluation carried out in 2006. | Economic and monetary union | P & R | E | 01/2014 | 12/2014 |
| 15 | Final evaluation of the project bond pilot initiative | The Commission is obliged to report on the final implementation of the pilot phase to the Council and Parliament in 2015. | Financial operations and instruments | | | 01/2015 | 12/2015 |
| 16 | Evaluation of fiscal surveillance activities | The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary while compatible with the Treaty and the applicable secondary legislation, to changes to the these activities of the DG and their resulting outputs, with consequent benefits for the various counterparts and other users. This evaluation will also follow up on the evaluation carried out in 2009. | Economic and monetary union | P & R | E | 01/2015 | 12/2015 |
| 17 | Evaluation of Guarantee Fund | Evaluation of Guarantee Fund | Financial operations and instruments | P & R | E | 01/2015 | 12/2015 |
| 18 | Evaluation of external representation | This formative evaluation will assess how efficiently and effectively the objective of improving the EU profile, external representation aiming at strengthening convergence between their strategies and operations and EU external priorities has been pursued. | International economic and financial affairs | P & R | E | 01/2016 | 12/2016 |

| | | | | | | | |
|----|---|--|-----------------------------|-------|---|---------|---------|
| 19 | Evaluation of DG ECFIN's forecasting services | The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary, to changes to the forecasting activities of the DG and their resulting outputs, with consequent benefits for the various communities of users, both internal and external to the Commission. This evaluation will also follow up on the evaluation carried out in 2007-2008. | Economic and monetary union | P & R | E | 10/2015 | 10/2016 |
| 20 | Evaluation of Economic Service Function of DG ECFIN | The aim of the evaluation is on supporting organisational learning and improving the future functioning of the Economic Service Function of DG ECFIN in a broad sense including the link between country surveillance and EU policies. In this context, evaluation results will be primarily used by the services responsible for implementing the activities. The evaluation will also be used in the context of the European Commission's Activity-Based Management/Strategic Programming and Planning and Budgetary cycles. | Economic and monetary union | | | 01/2015 | 12/2015 |

III. Other on-going and planned studies**

| | | | | | | | |
|---|--|--|-----------------------------|--|--|---------|---------|
| 1 | Calculating tax wedge and effective tax rates on labour | Indicators of labour market incentives, of unemployment and low-wage trap are needed for the identification of labour market problems and monitoring reforms in MS. Time series of these indicators have been developed within the EC-OECD over 2001-2010. This study covers 2011-2013 | Economic and monetary union | | | 04/2012 | 04/2015 |
| 2 | Updating of individual tax and expenditure elasticities used for the computation of cyclically-adjusted budgetary aggregates | The CAB is enshrined in the revised preventive and corrective arm of the Stability and Growth Pacts (six packs). Therefore a robust assessment of the fiscal stance relies on the accurate estimation of the key parameters underlying the CAB computation. This work will be done jointly with the EOOD | Economic and monetary union | | | 06/2013 | 12/2014 |
| 3 | Cost-effectiveness of support-schemes to renewable energy | Due to its impact on energy prices, competitiveness and public finances, the issue is a matter of economic policy concern. The study would contribute to the guidance on support schemes reforms, which is to be prepared by the Commission. | Economic and monetary union | | | 03/2013 | 12/2014 |
| 4 | Impact of the regulatory framework on investment incentives in network industries | The study would analyse investment developments in telecom, electricity and gas and its' objective is to investigate two aspects: the resilience of investments in economic crisis, and the impact of the regulatory framework on investment and R&D expenditures. The results would be used for preparing a report assessing the state of play of liberalisation. | Economic and monetary union | | | 03/2013 | 12/2014 |
| 5 | Financial situation of State-Owned Enterprises in the energy and railway sectors | The objective of the study would be to assess the financial situation of these enterprises. Very often these SOEs are loss-making, which drags on public finances. Public data is not always available and the real impact is difficult to measure. The results would be used for preparing a report assessing the state of play of liberalisation. | Economic and monetary union | | | 03/2013 | 12/2014 |

* Please note that impact assessments and instrumental studies supporting impact assessments/evaluations are not included

** Study understood as 'a document resulting from intellectual services necessary to support the institution's own policies or activities

Annex 6. Actions stemming from the AAR, audit recommendations and the Synthesis Report

| 1. Actions stemming from reservations made in AAR | | | | | | |
|---|--------------------------------------|------------------------------------|------------------------------|------------------------------|---|--|
| Reservation | ABB activity | Actions | Expected result | Timetable for implementation | Responsible unit | Mid-term progress review ¹³ |
| NA | | | | | | |
| | | | | | | |
| 2. Actions taken to implement audit recommendations affecting the DoA | | | | | | |
| Recommendation | ABB activity | Actions | Expected result | Timetable for implementation | Responsible unit | Mid-term progress review |
| NA | | | | | | |
| | | | | | | |
| 3. Ongoing actions stemming from the Synthesis Reports | | | | | | |
| Action from Synthesis Report | ABB activity | Expected result | Timetable for implementation | Responsible unit | Mid-term progress review | |
| Reporting on Financial Instruments "The Commission will deliver, by October 2012, a first report on FIs. | Financial Operations and Instruments | Reporting on Financial Instruments | October 2013 | ECFIN.L | (update: New financial regulation foresees annual reporting on Financial Instruments going forward as of the next MFF. In the meantime ECFIN will be reporting on existing financial instruments (art 49 IIA))" | |
| | | | | | | |

¹³ Users may fill in using 'On track', 'Risk of delay' or 'Problem'

Annex 7. Task force for Greece (TFGR)

Annual work programme 2013

Mission and Objectives:

1. identifying and coordinating, in close cooperation with Greece and benefiting from input from other Member States, the technical assistance that Greece needs to deliver the EU/IMF adjustment programme;
2. assisting the relevant Greek authorities in defining the details of the kind of technical assistance to be provided;
3. preparing clear Terms of Reference for all technical assistance assignments which specify the nature and scope of the technical assistance actions to be provided, the entity in the Greek administration that will be the beneficiary of technical assistance, the budgetary and human resources (including ENDS and experts from the private sector) that will deliver the technical assistance, and the expected results, with milestones and delivery deadlines;
4. recommending legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds, in close cooperation with the relevant Commission services, the Greek authorities and the EIB, focusing on competitiveness, growth and employment/training;
5. providing quarterly progress reports to the Commission and the Greek authorities as well as, on a needs basis, more frequent alert reports. The first such report shall address measures for an accelerated take-up of EU funds, including a concrete plan and time schedule, and shall be sent to the Commission and Greek authorities by the end of October. The Task Force may also be used to provide technical assistance and to co-ordinate the work of the Commission in a limited number of other areas, for example external border control and asylum.

Establishment and organisation of the TFGR:

The President took the initiative of proposing a comprehensive programme of technical assistance for Greece to support the delivery of the EU/IMF adjustment programme and to accelerate the absorption of EU funds. This proposal was endorsed by the European Council during its meeting of 23 and 24 June 2011¹⁴.

- (1) The TFGR commenced operations as of 1 September 2011. Since then, the TFGR has established close contacts with the Greek authorities to identify their needs and has set up its own organisation and working methods.
- (2) Efforts are underway to rationalise the programme of structural fund assistance and to prioritise, together with DG REGIO and DG EMPL, a number of headline projects to improve absorption of available structural fund assistance.
- (3) A programme of technical assistance is being managed and further developed on the basis of close cooperation with the Greek authorities, so as to respond to their priority needs. Regular contacts are undertaken with the relevant Greek Ministries in order to identify priority areas.
- (4) The support of Member States and other potential providers of technical assistance (e.g. non-EU states such as Norway as well as EU and international organisations such as OECD, IMF, EIB, World Bank) is coordinated through bilateral contacts and regular coordination meetings.
- (5) The objective is to enhance the administrative capacity in critical government functions, such as;
 - cohesion policy funds and agriculture;
 - budget and taxation
 - financial sector and access to finance;
 - business environment, privatisation, public procurement and competition;
 - administrative reform/e-government;
 - labour market, public health, justice and home affairs;
 - civil society and social partners
- (6) Technical assistance coordinated by the TFGR should complement other EU or national initiatives by removing bottlenecks in the public administration and judicial system that prevent or delay the effective delivery of public services or functions. While some projects may deliver tangible benefits in the short-term, in many cases reforms will translate into concrete improvements for Greek businesses or citizens only over a longer period of time.
- (7) Regular information is provided to the Commission, other institutions, the Greek authorities and the wider public through the TFGR's Quarterly Reports.
- (8) Following a request from the Eurogroup in February 2011, the TFGR was substantially reinforced, notably with regard to its presence in Athens. The latest administrative and budgetary arrangements are set out in Commission decision of 18.4.2012 on administrative and budgetary arrangements for the TFGR (C(2012) 2688 final)¹⁵.

¹⁴ For more details see: http://ec.europa.eu/commission_2010-2014/president/taskforce-greece/index_en.htm

¹⁵ See also Ares(2011)1062316 - 06/10/2011.

Programming technical assistance (TA) for administrative and other structural reforms:

The TFGR proceeds with the definition of the programme of technical assistance for administrative and other structural reforms as follows:

Define reforms in individual priority fields: This phase involves high-level or senior experts from Member State administrations, agencies or international financial institutions in framing the terms of reference for priority reform projects. These experts work with the Greek authorities and the TFGR to design the reform programme/project in the priority area in question.

Design and implementation of individual TA programmes: the TA programme/projects implement reforms in the agreed priority areas. The projects involve coherent and concrete plans to enhance administrative capacity in targeted areas, comprising detailed terms of reference, project plans, monitoring and reporting and evaluation upon delivery. The projects embed expertise and know-how from Member States, international organisations or specialised (trade, development agencies) as well as external resources (ICT, agency support) needed to implement projects.

Financial arrangements to fund technical assistance for administrative reform:

As regards funding of the technical assistance activities, the following general approach has been chosen:

The preparation of reforms in identified priority areas: this work is carried out mainly by Member States' public sector officials. They undertake an overall screening of TA needs on the ground and define specifications for a set of reform projects to be implemented. Resources to finance these preparatory activities mainly come from the technical assistance reserve of the ESF. The ESF assistance reserve is managed under "centralised management" within the budget implementation modes set out in the EU Financial Regulation.

In order to streamline the use of funds under centralised management, a representative of DG EMPL participates in the currently established procedures of the TFGR, acts as Authorising Officer by sub-Delegation (AOSD) as per Article 59 of the Financial Regulation¹⁶ for Structural Fund Technical Assistance and carries out the tender and the other procedures which he has agreed with the TFGR¹⁷.

Resources to fund the implementation of individual TA projects/programmes: an amount of approximately 500m€ is in general at the disposal of the Greek authorities under the ESF Administrative reform operational programme (AROP) for the programming period 2007-2013. The AROP has been established with the declared purpose of funding improvements to administrative capacity and therefore constitutes an appropriate source of funds. There is a need for screening to ensure that the envisaged individual projects can be covered by the AROP priority axes with the funds which are not already committed for other purposes. The need for some reprogramming of measures by the Greek authorities cannot be excluded. These funds are available for use under "shared management" under the EU Financial Regulation. The Greek authorities will have to agree that the currently unallocated funds can be drawn upon for the purposes of financing individual TA projects in the context of the adjustment programme. In operational terms, the Greek authorities shall make the unallocated reserves under ESF AROP available to an appropriate 'beneficiary'. The latter shall be subject to close supervision by both the Greek authorities and the TFGR.

Speeding up the use of funds: It will be crucial to expedite the efficient and timely use of funds

¹⁶ Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

¹⁷ For more details see the Memorandum of understanding between DG EMPL, DG ECFIN and the TFGR signed for the implementation of Structural Funds in the context of the technical assistance to be provided to Greece (SEC(2012) 401 final).

managed under "centralised management" as well as of the resources from ESF AROP managed by the Greek authorities under "shared management" to finance technical assistance for administrative and other structural reforms. To this end, the following practices may have to be used by the relevant Authorising Officer by delegation under the EU Financial Regulation for the purposes of timely deploying resources for the TA projects in Greece.

- (a) Direct grants to beneficiaries: Direct grants can be awarded by the relevant Authorising Officers under the EU Financial Regulation without a call for proposals in the case of bodies identified by a basic act as beneficiaries of a grant¹⁸. In addition, direct grants can be awarded without a call for proposals to specific bodies taking into account the specific characteristics of the action at stake and on account of the technical competence, high degree of specialisation, or administrative power of the body in question¹⁹.
- (b) Direct award of contracts: In view of the extreme urgency of the situation in Greece, the relevant contracting authority in the Commission can procure technical assistance services pursuant to Article 126(1)(c) of the Implementing regulation for the benefit of Greece²⁰ for 2013.
- (c) Use of expertise from IFIs and development agencies: Under the above circumstances, the award of grants and/or contracts may take place with the EIB, and other international financial institutions, inter alia, in joint management under Article 53d of the EU Financial regulation to the extent that evidence has been obtained that the bodies to be entrusted by the Commission with the implementation of Union funds apply standards which offer guarantees equivalent to internationally accepted standards in their accounting, audit, internal control and procurement procedures; and with development agencies accredited for the purposes of actions undertaken in indirect centralised management under Article 54 of the EU Financial Regulation to the extent that the entities to which the Commission will entrust implementation of EU funds for the action comply with the conditions for the delegation of tasks under indirect centralised management.

While the above approaches have been considered specifically in the context of the use of financial resources managed under the ESF TA "centralised management" budget, the same practise may also be relevant in the implementation of other relevant TA funds under "centralised management" whether within the ERDF and Cohesion Fund budget, or in other reserves as appropriate.

¹⁸ Under Article 168(1) point (d) of the Implementing Rules, grants may be awarded without a call for proposals in the case(s) of bodies identified by a basic act, within the meaning of Article 49 of the Financial Regulation, as beneficiaries of a grant. According to Article 36 (5) of Council Regulation (EC) N° 1083/2006, a grant may be awarded to the European Investment Bank and the European Investment Fund for the actions falling under the scope of Article 36 of Council Regulation (EC) N° 1083/2006.

¹⁹ Under Article 168(1) (f) of the Implementing Rules, grants may be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation, or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposal.

²⁰ Under Article 126(1) (c) of the Implementing Regulation, insofar as strictly necessary, the contracting authorities may use the negotiated procedure without prior publication of a contract notice, whatever the estimated value of the contract, where for reasons of extreme urgency brought about by unforeseeable events not attributable to the contracting authorities, it is impossible to comply with the time limits set for the other procedures and laid down in Article 140, 141 and 142 thereof.

| | | | | |
|--|---|--|----------------------------|--------------------------------|
| 1. SPECIFIC OBJECTIVE: To coordinate technical assistance that Greece needs to deliver the EU/IMF adjustment programme; and to recommend legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds, focusing on competitiveness, growth and employment/training. | | | | |
| Contribution of the TFGR to the achievement of the above objective | | | | |
| RESULT INDICATORS | | | <i>Latest known result</i> | <i>Target</i> |
| Greek absorption rate under the cohesion policy programmes | | | 44.9% | n.a. |
| N° of designed, launched and finished individual TA work strands (programmes) | | | 40 projects | n.a. |
| 2. EXPENDITURE RELATED OUTPUTS | | | INPUTS: | Operational expenditure |
| <i>Description</i> | <i>Milestone (per quarter/semester)</i> | <i>Number of outputs</i> | <i>Budget line</i> | <i>EUR million</i> |
| | | | <i>n.a.</i> | |
| 3. INPUTS: Administrative resources | | | | |
| Human resources | <i>Number</i> | Financial resources | <i>EUR</i> | |
| Attached Officials ("mise à disposition") | 33 | | | |
| Temporary staff (Posts) | 7 | Title 1 | | |
| Contractual staff (FTE) | 11 | Title 2 | | |
| Seconded national experts (END) | 13 | Title 3 | | |
| Special Advisers | 3 | | | |
| Total of human resources | 67 | Total of admin. resources | | |
| | | <i>Number of AD staff allocated²¹</i> | | |
| 4. KEY ACTIONS | | | | |
| Contribution to the accelerated and targeted absorption of cohesion policy funds | | 10 | | |
| Design and implement individual TA work streams / programmes | | 37 | | |

²¹ Assumption based on staffing ceilings set out in Commission Decision C(2012)2688 of 18.04.2012.

Annex 8. Communication Strategy

DG ECFIN's communication strategy/actions are at the very core of Commission's Corporate communication priority 'Economy'.

In the past few years substantial and far-reaching steps have been taken to overcome the financial and debt crisis and to improve the governance of the Economic and Monetary Union (EMU). DG ECFIN is of course directly involved in developing a genuine EMU, for example by preparing the proposals that will make up the banking union (with DG MARKT in the lead), and the fiscal and economic unions. The reinforced EMU includes building governance frameworks which will ensure compliance with fiscal rules. Moreover, effective monitoring of competitiveness developments and economic reforms is indispensable to ensure competitiveness and to avoid harmful macroeconomic imbalances as well as negative spill-overs between countries in the EU and the euro area in particular. DG ECFIN has also been at the forefront of the design of the crisis support mechanisms to euro area and non-euro area countries needing financial support, and the implementation of macroeconomic adjustment programmes together with the ECB and IMF.

The main story behind the current efforts is that weaknesses have become apparent in the EMU construction. Action is needed over the short term to contain the crisis, revive growth and unwind imbalances. This has to be combined with a long-term vision for EMU and a clear roadmap towards that vision. Building a genuine EMU constitutes a tremendous effort of European solidarity, which is an essential part of the overall EU project but it is also necessary in view of the interdependence between the economies.

The communication challenge related to this context is manifold. The fact that the EU economy is set to remain weak in 2013 does not make this story any easier: much will depend upon the confidence of economic actors which will primarily be driven by policy makers being seen to live up to reform commitments. Particular challenges will stem from the fact that the process of budgetary consolidation and correction of imbalances and competitiveness losses is now several years old, and that it takes a long time to complete before the benefits materialise. During 2013, the issue of unemployment and fairness of the adjustment effort is likely to be particularly prominent.

Another feature of the communication challenge in 2013 will be the divergence of economic performance across Member States. In the countries which are required to take the most severe measures to make their public finances sustainable and to comply with the common EU fiscal rules, it is important to underline that these measures will deliver results for the longer-term welfare of the country and there is no alternative to such policies: it will be necessary to avoid making false claims on the emergence of an early economy, whilst at the same time it is necessary to show that there is a clear economic strategy in place which will deliver if countries stay the course. In Member States less affected by the debt crisis, the challenge is to convince both decision-makers and the public opinion that the solidarity path is in the best interest of all of Europe in terms of growth and prosperity. We will need bridge-building to cross these different views and perceptions.

In addition to communication on the immediate policy responses to raise growth and jobs potential, it will also be necessary to communicate on the substantial efforts being made at EU level to avoid that the current debt crisis could happen again. It is equally important to make it clear that this will require stronger policy coordination, including a higher degree of pooling of economic decision-making, which will have to go hand in hand with strengthened democratic legitimacy and accountability. As outlined in the recent blueprint for EMU, the immediate challenge is to complete the on-going negotiations on economic governance as part of the 2-pack of legislation, and to fully implement all aspects of the new arrangements for economic governance in EMU. This debate on the future architecture of EMU goes to the heart of the debate on the course of European integration, and we have to communicate the message that Europeans cannot and will not be divided into winners and losers. Either we all win together or we all lose together.

As detailed in the annex table, the Annual Growth Survey (AGS), the Alert Mechanism Report (AMR) and the Country-specific recommendations (CSR) are key elements of the 2013 European Semester, which frames the reinforced economic policy coordination at EU level in the first half of each year. The AGS sets the policy priorities for the EU as a whole, the AMR monitors macroeconomic imbalances in

the Member States, while the CSR identifies the most urgent policy recommendations in each Member State economy as a whole. In parallel, the on-going Excessive Deficit Procedures under the Stability and Growth Pact will result in related communication outputs in 2013 demonstrating Commission resolve to make full use of strengthened rules (following the entry into force of so-called six pack in late 2011).

DG ECFIN's activities related to the European Semester benefit from ad-hoc support from Representations in the Member States. The policy cycle and communication link between ECFIN and the Representations is expected to strengthen following taking up of duties by European Semester Officers (ESOs) currently being posted in most Member States.

DG ECFIN Communication plan 2013

DGs/services should contact DG COMM/A1 in case they may wish to modify the structure of the template or need help with filling it in.

| No | Communication Objective (s) | Message | Audience | Proposed actions/ type of activity | Date/location | DG COMM Services 22 | Ex-ante evaluation | Budget |
|---|---|---|--|--|--|---|--|---|
| Policy objective/Policy output | | | | | | | | |
| Commission's Blueprint for a deep and genuine Economic and Monetary Union: progress on the way to banking union, fiscal union and political union | | | | | | | | |
| 1 | Raise awareness and stimulate debate on Commission's 'Blueprint for deep and genuine EMU' | Commission is an important player and driving force in providing ideas and possible solutions for the future of the EU and EMU Commission acts responsibly by making clear the process will be gradual | Policy makers and Members of the parliaments in the MS, Stakeholders incl. economists, financial market actors and economic journalists (Brussels) | Series of seminars in selected MS Seminars for journalists Brussels Economic Forum 2013: Future of the EMU | June 2013 Throughout the year 19 June 2013 | Assistance and co-organisation by the REPs, involving ESO officials Use of DG COMM framework contract, Assistance from REPs Promotion Europa, AV services | As foreseen in the framework of DG ECFIN's multiannual evaluation plan | Overall 2013 commitment appropriations 4 million EUR |

| | | | | | | | | |
|---|---|---|---|---|---------------------|---|--|--|
| | | | s and non-Brussels based) | Web presentation | Throughout the year | Promote on REPs websites | | |
| Policy objective/Policy output | | | | | | | | |
| The implementation of the European Semester | | | | | | | | |
| 2 | Raise awareness and endorsement of the European semester, including Country specific recommendations and follow-up thereof. | European Semester provides an important coordination element in economic policy making by the MS. | Policy makers and Members of the parliaments in the MS, Stakeholders incl. economists, financial market actors and economic journalists (Brussels and non-Brussels based) | Series of seminars in selected MS | June 2013 | Assistance and co-organisation by the REPs, involving ESO officials | | |
| | | | | Seminars for journalists | Throughout the year | Use of DG COMM framework contract, Assistance from REPs | | |
| | | | | Brussels Economic Forum 2013: Future of the EMU | 19 June 2013 | Promote on Europa, AV services | | |
| | | | | Web presentation | Throughout the year | Promote on REPs websites | | |
| | | | | Flash Eurobarometer | Spring/Autumn | Use of DG COMM framework contract/expertise | | |
| Policy objective/Policy output | | | | | | | | |
| Economic Governance | | | | | | | | |
| 3 | Raise awareness of enhanced economic surveillance and improved | The reformed economic governance and integrated economic surveillance | | Series of seminars in selected MS | June 2013 | Assistance and co-organisation by the REPs, involving ESO officials | | |

| | | | | | | | | |
|--|---|---|---|---|---|---|--|--|
| | economic governance (Six pack, 2pack) | will have positive impact on the economic stability and restoring jobs and growth in the EU. | | Seminars for journalists | Throughout the year | Use of DG COMM framework contract, Assistance from REPs | | |
| | | | | Brussels Economic Forum 2013: Future of the EMU | 19 June 2013 | Promote on Europa, AV services | | |
| | | | | Web presentation | Throughout the year | Promote on REPs websites | | |
| | | | | Flash Eurobarometer | Spring/Autumn | Use of DG COMM framework contract/expertise | | |
| Policy objective/Policy output | | | | | | | | |
| Response to the economic crisis, including financial assistance programmes | | | | | | | | |
| 4 | Highlight Commission's role in the response to the crisis, including financial assistance programmes in some MS | Commission plays important role in designing and implementing the comprehensive policy response to the crisis and works on restoring/enhancing the competitiveness and growth potential of MS | Policy makers and Members of the parliaments in the MS, Stakeholders incl. financial market actors, economists and economic journalists (Brussels and non-Brussels based) | Seminars for journalists | Throughout the year | Use of DG COMM framework contract, Assistance from REPs | | |
| | | | | Articles and ECFIN electronic newsletter | Newsletter is a fortnightly publication | Placement and dissemination by the REPs | | |
| | | | | Web presentation | | Promote on REPs websites | | |
| | | | | Euro travelling exhibition | Throughout the year | Promote on Europa and selected REPs websites. Support from the REP in hosting countries | | |
| Policy objective/Policy output | | | | | | | | |
| Inform about benefits of the euro/EMU | | | | | | | | |

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| 5 | Promote benefits of the euro/EMU | Tangible benefits of the euro for the citizens and businesses | Stakeholders, journalists, NGOs, general public | Web presentation | | Promote on REPs websites | | |
| | | | | General public publications and ECFIN electronic newsletter | Updates and reprints as appropriate | Distribution by the REPs | | |
| | | | | EU institution's open day stand | May 2012 | | | |
| | | | | Ad-hoc participation in selected general public in the MS | Throughout the year | Logistical support from the REPs | | |
| | | | | Euro travelling exhibition | | Promote on Europa and selected REPs websites. Support from the REP in hosting countries | | |
| | | | | Network seminars/ meetings for ECFIN communication networks (finance ministries, central banks, academia, public&private sector) | Throughout the year | DG COMM involved via joint ECFIN-COMM ownership of the EuroTeam network in 'pre-in' countries | | |
| | | | | Addressing visiting groups of interested public organised within DG COMM's | Throughout the year | ECFIN will continue to contribute to the efforts of Commission's | | |

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| | | | | priority visits, complemented by ad-hoc speaking arrangements (more than 100 lectures expected in 2013) | | Visitors service and help with the training of DG COMM's networks such as Europe Direct | | |
| Policy objective/Policy output | | | | | | | | |
| Euro changeover in Latvia (subject to relevant political decisions) | | | | | | | | |
| 6 | Euro changeover information campaign in Latvia (subject to positive decision by the Council in July 2013) | Introduction of the euro in Latvia (subject to positive decision in July 2013) confirms that euro continues to be attractive for EU Member States with derogation. The introduction of the euro in LV will benefit LV residents and economy. | All segments of society | Actions to be defined by Latvian government, Commission to support the efforts, both in kind (seminars, conferences, exhibitions, publications) and possibly via grant agreement | 2H/2013 | Commission REP in LV to play active role in changeover related communication activities | | |

LIST OF ACRONYMS

AMR: Alert Mechanism Report
AOSD: Authorising Officer by Sub-Delegation
BoP: Balance of Payments
CIP: Competitiveness and Innovation Programme
COSME: Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
CPR: Common Provision regulation
CSF: Common Strategic Framework
DG BUDG: Directorate-General for the Budget
DG CLIMA: Directorate-General for Climate Action
DG COMP: Directorate-General for Competition
DG CONNECT: Directorate-General for Communications Networks, Content and Technology
DG DEVCO: Directorate-General for Development and Cooperation - EuropeAid
DG ECFIN: Directorate-General for Economic and Financial Affairs
DG ECHO: Directorate-General for Humanitarian Aid and Civil Protection
DG ELARG: Directorate-General for Enlargement
DG ENER: Directorate-General for Energy
DG ENTR: Directorate-General for Enterprise and Industry
DG ENV: Directorate-General for the Environment
DG MARKT: Directorate-General for the Internal Market and Services
DG MOVE: Directorate-General for Mobility and Transport
DG REGIO: Directorate-General for Regional and Urban Policy
DG RTD: Directorate-General for Research and Innovation
DG TAXUD: Directorate-General for Taxation and Customs Union
EA: Euro Area
ECOFIN: Economic and Financial Affairs Council
EEAS: European External Action Service
EBRD: European Bank for Reconstruction and Development
ECB: European Central bank
ECSC: European Coal and Steel Community
EDP: Excessive Deficit Procedure
EEEF: European Energy Efficiency Fund
EEN: Enterprise Europe Network
EFC: Economic and Financial Committee
EFTA: European Free Trade Association
EFSM: European Stability Financial Stabilisation Mechanism
EIB: European Investment Bank
EIF: European Investment Fund
EIP: Excessive Imbalances Procedure
ELENA: European Local ENergy Assistance
EMU: Economic and Monetary Union
ENP: European Neighbourhood Partner
EPC: Economic Policy Committee
EPMF: European Progress Microfinance Facility
ERM: Exchange Rate Mechanism
ESM: European Stability Mechanism
EU: European Union
EURATOM: European Atomic Energy Community
FIIEG: Financial Instruments Interservice Expert Group
FP7: Seventh Framework Programme
FSB: Financial Stability Board
G&E: Growth and Employment
GDP: Gross Domestic Product
GLF: Greek Loan Facility
HOS: Heads of State and Government
IAC: Internal Audit Capability
IAS: Internal Audit Service
IfG: Institution for Growth
IFI: International financial institutions
IMF: International Monetary Fund
IPG: Integrated Policy guidelines
LGTT: Loan Guarantee Instrument for TEN-T projects
LIME: Lisbon Methodology
MDB: Multilateral development banks

MAP: Multiannual programme for enterprises and entrepreneurship
MFA: Macro Financial Assistance
MFF: Multiannual Financial Framework
MIF: Municipal Infrastructure Facility
MIP: Macroeconomic Imbalance Procedure
MoU: Memorandum of Understanding
MS: Member State
NGO: Non-Governmental Organisation
NRP: National Reform Programmes
OGWG: Output Gap Working Group
OECD: Organisation for Economic Co-operation and Development
PPP: Public-Private Partnerships
REER: Real Effective Exchange Rate
RSFF: Risk-Sharing Finance Facility
SGP: Stability and growth Pact
SME: Small and Medium Enterprise
SMEG: Small and Medium Enterprise Guarantee
SPP: Strategic Planning and Programming
TA: technical Assistance
TFEU: Treaty on the functioning of the European Union
TFGR: Task Force for Greece
ToR: Terms of Reference
TSCG: Treaty on Stability, Coordination, and Governance
UNFCCC: United Nations Framework Convention on Climate Change
WB: World Bank