



# Strategic Plan 2020-2024

Directorate General  
Economic and Financial Affairs

# Contents

- INTRODUCTION ..... 4
- PART 1. Delivering on the Commission’s priorities ..... 5
  - A. Mission statement ..... 5
  - B. Operating context..... 5
  - C. Strategy..... 8
- Defining the general and specific objectives for DG ECFIN..... 8
- General objective 3: An economy that works for people ..... 11
  - Specific objective 1: Support the Member States’ economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility..... 12
  - Specific objective 2: Integrate the Sustainable Developments Goals (SDGs) into the European Semester, supporting inclusive, green and digital economic transformations in the post- COVID-19 recovery ..... 14
  - Specific objective 3: Review and implement the economic and fiscal surveillance framework to deliver conditions for sustainable economic growth..... 16
  - Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions..... 19
  - Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy..... 22
- General objective 1: A European Green Deal ..... 23
  - Specific objective 1: Support the Member States’ economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility..... 23
  - Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy..... 23
- General objective 2: A Europe fit for the digital age..... 27
  - Specific objective 1: Support the Member States’ economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility..... 27
  - Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy..... 28
- General objective 4: A stronger Europe in the world..... 29
  - Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions..... 29

Specific objective 6: Strengthen Europe’s role as a global player on economic issues and increase the international role of the euro .....	29
Performance tables .....	34
D. Key performance indicators.....	40
PART 2. Modernising the administration.....	42
A. Human resource management .....	42
B. Sound financial management .....	44
C. Fraud risk management .....	45
D. Digital transformation and information management.....	47
E. Sound environmental management.....	51
Abbreviations .....	52

## INTRODUCTION

The Directorate General for Economic and Financial Affairs (DG ECFIN) is responsible for all aspects of economic policy within the European Commission. This strategic plan sets out how it will deliver on the general objectives of the 2020-24 Commission, under the Presidency of Ursula von der Leyen.

In line with its mandate, DG ECFIN will deliver on economic aspects of policy-making, taking two broad angles. The first will be to provide the analysis and policy support for its activities in surveillance of economic policy. The second will be to be involved both directly and indirectly in the provision of financing and financial support for governments and companies across the European Union. In both of these, DG ECFIN will seek to balance a long-term perspective with the short-term needs of the Union's economies.

President von der Leyen unveiled her political guidelines in July 2019, before taking office in December 2019. They set out the key priorities, that her Commission would deliver on in its five years in office. Since the unveiling of these guidelines, the context within which they would be delivered has undergone profound change. The COVID-19 crisis started with the imposition of containment measures in China which disrupted trade and production and was swiftly followed by similar measures all over the world and across the EU. Despite decisive policy action to maintain economic activity and mitigate the impact on the labour market, households and companies, it creates an unexpected and unpredictable environment for the early years of the Commission, and therefore of this plan. Economic forecasts contain a substantial amount of uncertainty, but adding an external public health dimension increases the dimensions of uncertainty. For this reason, this strategic plan provides an overall vision for the 2020-24 period, which will be pursued taking into account the exact evolution of the economy, as this is so dependent on external factors including the transmission of the virus.

This epidemiological uncertainty compounds the uncertainty that predated the COVID-19 crisis. The economies of the EU countries are not just tied to each other, but are dependent on outcomes across the world through – among others – trade links, production processes and the financial system(s). DG ECFIN is closely involved in representing the European Commission in multi-lateral fora such as the G-groups and forging multi-lateral relationships. In the years covered by this plan, working with our partners on a global level to provide global solutions, build economic relations with our partners, including those in our neighbourhood, and to support a multilateral global order will be a dimension of DG ECFIN's work with increasing political and economic importance.

## **PART 1. Delivering on the Commission's priorities**

### **A. Mission statement**

The mission of the Directorate General for Economic and Financial Affairs (DG ECFIN) is to contribute to the creation of economic conditions in which all Europeans can thrive, now and in the future, and to develop the means for Europe to be a leading force for stability and prosperity in the world. To achieve this, DG ECFIN contributes to development of policies that underpin economic growth based on competitive sustainability, while preserving macroeconomic and financial stability and contributing to transforming our economies towards climate neutrality. Within the Union, it undertakes economic surveillance based on extensive analysis, focusing on macroeconomic and fiscal policies, and bringing its assessments together under the framework of the United Nations' Sustainable Development Goals (SDGs). In parallel, it contributes directly to the provision of financial support to build the conditions for economic growth. This includes financing for investment to underpin the greening and digitalisation of our economies to deliver higher productivity and a better future, and to facilitate the recovery from economic shocks. It provides policy support for Economic and Monetary Union, to ensure the effective functioning of the euro and to give Europe a strong economic global presence. DG ECFIN engages in multilateral and bilateral relationships with international financial institutions and channels financial assistance to partner countries, including candidate countries and those in our geographical neighbourhood.

### **B. Operating context**

DG ECFIN is responsible for the EU policies in the field of economic and financial affairs – both in EU countries and in the EU's relations with third countries. Its legal obligations are principally contained in Title VIII of the Treaty on Functioning of the European Union, which covers Economic and Monetary Policy. DG ECFIN carries out a general economic service function within the Commission to help ensure that the Commission's policy initiatives are based on analytically sound and reliable economic evidence

A core part of the work undertaken in DG ECFIN stems from the Treaty provisions on economic policy coordination<sup>1</sup> and the avoidance of excessive budgetary deficits<sup>2</sup>. Eight pieces of secondary legislation<sup>3</sup> provide the frameworks for fiscal surveillance, the surveillance of economic imbalances policy coordination under the European Semester, and establish minimum requirements for national fiscal frameworks. DG ECFIN plays an important role under chapter 4 of the TFEU, covering provisions specific to Member States

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<sup>1</sup> Article 121 on the Treaty for the Functioning of European Union (TFEU), with additional provisions for the euro area stemming from Article 136.

<sup>2</sup> Articles 126 and 136 TFEU, together with Protocol 12.

<sup>3</sup> Regulation (EC) 1466/97, Regulation (EC) 1467/97, Council Directive 2011/85/EU, Regulation (EU) 1173/2011, Regulation (EU) 1174/2011, Regulation (EU) 1175/2011, Regulation (EU) No 472/2013, Regulation (EU) 473/2013.

whose currency is the euro, including assessing the economic preparedness of countries before their accession to the single currency.

DG ECFIN is actively involved in providing financial support to Member States in exceptional cases – both inside and outside the euro area.. The two Pack provides the framework for the provision of financial assistance to euro area countries. Under its provisions, DG ECFIN works closely with the European Stability Mechanism, with a memorandum of understanding providing more structure to their interactions. For countries outside the euro area, DG ECFIN acts to provide assistance under the Balance of Payments facility<sup>4</sup>, based on Treaty article 143. DG ECFIN is also responsible for the new instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE)<sup>5</sup>, which provides EU countries with loans to address sudden increases in public expenditure to preserve employment, caused by the COVID-19 pandemic.

DG ECFIN plays a central role in the delivery of programmes funded by Next Generation EU and programmes under the Multi-annual Financial Framework (MFF). It works in joint leadership with the Secretariat General on the Recovery and Resilience Facility (RRF)<sup>6</sup>, playing an important role in its design and implementation. This involves working closely with Member States and across the Commission, to deliver hundreds of billions of euros to rebuild the economies of the EU in line with the green and digital transition, and as part of the European Semester process.

DG ECFIN designs and implements EU investment programmes including the InvestEU Programme under the 2021-27 MFF and the "Investment Plan for Europe" (IPE), in close cooperation with the European Investment Bank (EIB) Group and other potential implementing partners, such as the European Bank for Reconstruction and Development (EBRD) and national promotional banks. The InvestEU programme is expected to mobilise around EUR 300 billion of investments in the next MFF. The programme will be instrumental in crowding in private and public investment for priorities set out in the Sustainable Europe Investment Plan, the investment pillar of the European Green Deal, including the Just Transition Mechanism. DG ECFIN is the European Commission's contact point for relations with the European Investment Bank group, working closely with it on programmes such as its support programme for SMEs under the crisis.

DG ECFIN is responsible for economic aspects of the EU's relations with the rest of the world. It undertakes analysis of candidate countries' economic situation and preparedness. It maintains close working relations with the EIB Group, the EBRD, the World Bank (WB) 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. It is responsible for managing the relationship of the

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<sup>4</sup> Council Regulation (EC) No332/2002 on the possibility of granting mutual assistance to an EU country with difficulties over its balance of payments.

<sup>5</sup> Council Regulation (EC) No332/2002 on the possibility of granting mutual assistance to an EU country with difficulties over its balance of payments.

<sup>6</sup> At the time of writing we do not yet have all information regarding the sharing of responsibilities between DG ECFIN and DG REFORM

European Commission with the International Monetary Fund (IMF) and the representation of the Commission in the G7 and G20 Finance Ministers' meetings with the aim of developing international strategies in the economic and financial area, as well as to enhancing the role of the Commission in international economic and financial institutions and fora. Through its representation at the EIB and in the Board of Directors of the EBRD, DG ECFIN promotes alignment of their policies with the EU ones.

In both its legislative and surveillance activities there is an important role for 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. This includes the preparation of reports and notes for the EFC, the EPC, the EWG, the Council and the Eurogroup, as well as Ecofin and Eurogroup draft conclusions and statements. It also entails providing support and policy advice to the President of the Eurogroup, the EFC and EPC Presidents, and the Brussels-based permanent President of the EWG. The European Parliament and its Committees play a similarly crucial role as co-legislators and as the directly democratically elected EU institution. As such, they are a key player in the legislative process and a source of political accountability and potential pressure on Member States. Members of the European Parliament also have an essential function as European decision-makers with a direct contact with citizens as their constituents. Furthermore, under the von der Leyen Commission, the EP has been given a de facto right of initiative, besides its former powers of steering the public debate via own-initiative reports, hearings and discussions.

DG ECFIN has a complex network of stakeholders. Its management of programmes and financial operations on behalf of the Commission and its leading role in the promotion of the economic objectives of the Union define its relations with other Directorates-General (DGs) in the Commission. The authorities of the EU Member States are key stakeholders in ways which go considerably beyond the traditional and formal relationship between the Commission and Member States in the Council – DG ECFIN works with finance ministries and ministries for the economy, interacts with national parliaments, social partners and other business, academic and civil society organisations. As co-legislator, the European Parliament's relevance to DG ECFIN goes far beyond that of a traditional stakeholder. That is especially true with the increased legislative activity under the remit of DG ECFIN and with the substantial increase in the scope and financial firepower of the EU instruments under DG ECFIN's supervision. The EP also plays a key role as a forum of democratic accountability, reflected by the pledge of President von der Leyen's to build a special partnership with the European Parliament, which all DGs are tasked with implementing. And as the Commission pursues a renewed effort to promote the external dimension of the economic and monetary union, international partners in the IMF, G7, G20 and international development banks, as well as key non-EU national authorities assume greater importance as partners with a stake in DG ECFIN's work.

## C. Strategy

### Defining the general and specific objectives for DG ECFIN

Over the years 2020-24 DG ECFIN will mainly contribute to four of President von der Leyen's political priorities, under the guidance of Commissioner for Economy, Paolo Gentiloni and in collaboration with Executive Vice-President for an economy that works for people, Valdis Dombrovskis. These are:

- General objective 3: An economy that works for people
- General objective 1: A European Green Deal
- General objective 2: A Europe fit for the digital age
- General objective 4: A stronger Europe in the world

DG ECFIN will be at the centre of delivering on general objective 3, an economy that works for people, undertaking its mandated activities and using its expertise to develop a work programme centred on this priority. As it is the main focus of ECFIN's work, it is presented first. Its approach under the other three objectives will be more targeted, as it will focus on the economic aspects of these multi-dimensional objectives. For general objectives 1, 2 and 4 (A European Green Deal, A Europe fit for the digital age and A stronger Europe in the world) DG ECFIN will pursue two broad avenues: it will develop programmes that contribute directly to the objectives, and it will contribute to the attainment of the objectives through its economic policy work more generally, by integrating concerns relating to the environment and climate, digitalisation and the geopolitical position of the Union into its economic policy work.

In order to contribute to the four general objectives over the years 2020-24, DG ECFIN will pursue the following six specific objectives

- Specific objective 1: Support the Member States' economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility.
- Specific objective 2: Integrate the Sustainable Development Goals (SDGs) into the European Semester, supporting inclusive, green and digital economic transformations in the post-COVID-19 recovery
- Specific objective 3: Review and implement the economic and fiscal surveillance framework, to deliver conditions for sustainable economic growth
- Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions

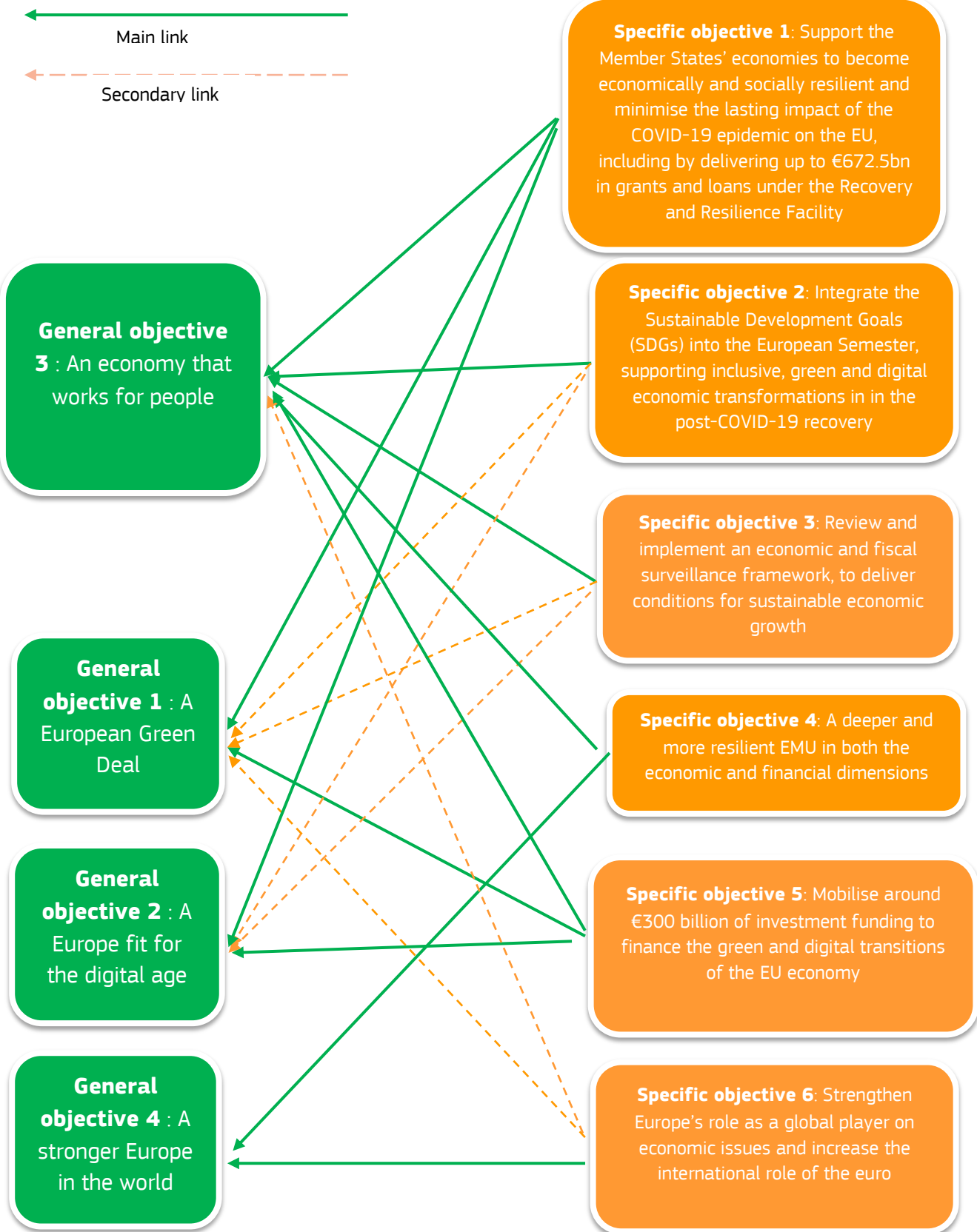


- Specific objective 5: Mobilise around €300 billion of investment funding to finance the green and digital transitions of the EU economy
- Specific objective 6: Strengthen Europe's role as a global player on economic issues and increase the international role of the euro

The integrated nature of the macroeconomy means that DG ECFIN has specific objectives that contribute to more than one general objective. Although ultimately all aspects of DG ECFIN's work are interlinked, Figure 1 shows the main and secondary links between the specific and the general objectives:

- Specific objective 1, which mainly corresponds to the implementation of the Recovery and Resilience Facility (RRF), is closely tied to the general objectives of an Economy that works for people, the European Green Deal and a Europe fit for the digital age. While the primary goal of the RRF is to ensure that the EU recovers from the economic slump linked to the COVID-19 pandemic stronger and more resilient, it also explicitly aims to prepare the European economy to the environmental and digital transition.
- Specific objectives 2, and 3 are crosscutting economic policy objectives. They are central in delivering an economy that works for people, through DG ECFIN's core analysis and surveillance activities. However, they will also internalise environmental concerns and will consider how to best prepare Europe for a future that will be digital: they will therefore also contribute to general objectives 1 and 2. This work has both an EU policy level and a national policy dimension.
- Specific objective 4 is concerned with strengthening the framework around the common currency, the euro: while the euro and coordinated euro area policies are central to economic conditions in Europe, they also plays a role in determining Europe's role in the world. For this reason, it is also an important contributor to the attainment of general objective 4 (A stronger Europe in the world).
- Specific objective 5, which will be implemented through DG ECFIN's contribution to delivering investment under the InvestEU programme, and under its predecessor the European Fund for Strategic Investments, will contribute to the three general objectives: an Economy that works for people, the European Green Deal, in particular under the Sustainable Europe Investment Plan and the Just Transition Mechanism, and a Europe fit for the digital age.
- Specific objective 6 is closely tied to general objective 4 of a stronger Europe in the world. Achieving it will require making progress on all other specific objectives. In addition achieving specific objective 6 would contribute to the achievement of general objectives 1 and 3. It will be pursued via activities relating to DG ECFIN's interactions with international institutions, global fora and third countries.

Figure 1: general and specific objectives:



### **General objective 3: An economy that works for people**

Delivering on an economy that works for people will be the primary objective for DG ECFIN over the years 2020-24. It will do this through surveillance, analysis, coordination, legislative actions – all of which will aim to deliver economic conditions under which Europeans can thrive, by marrying social fairness and prosperity – and through the provision of financing to governments that will provide them with the ability to support their economies and enact growth-enhancing reforms to support the recovery.

Over the five years covered by the strategic plan DG ECFIN will focus on building the conditions that will support sustainable, resilient and inclusive economies in Europe. At the time of writing of the strategic plan, nearly all EU countries were facing a dramatic slow-down in activity and increase in public deficits due to the COVID-19 pandemic. Providing financial support and coordinating the economic response needed to move to a normalisation of economic activity and mitigating the long-term effects of the COVID-19 pandemic will be central to the work of DG ECFIN for at least the first half of the period covered by the strategic plan. DG ECFIN will ensure that its approach under this objective reflects the economic reality and needs of the European economies as these develop – with short-term updates being provided in the annual management plans.

Beyond the recovery from the crisis, the medium-term aim underlying the policy content of DG ECFIN's work will be to address the underlying trend of what has been dubbed the '1% economy': 1% trend growth, 1% inflation, and the 1% share of the population accumulating more and more wealth and power. The 1% economy reflects dynamics that have built up in recent decades and is driven by population ageing and insufficient investment in people, skills and new technologies that result in a gradual slowdown in productivity and, arguably, increasing income inequality. The intensity of the short-term challenges does not diminish the importance of the longer-term dynamics, which require policies that can enhance economic and social resilience, strengthen potential growth and support the green and digital transitions. This should be based on promoting a more sustainable, inclusive and innovative growth model based on increasing productivity, and addressing risks, whether they be fiscal, financial, structural or combinations thereof. DG ECFIN will also promote growth-enhancing policies in collaboration with external stakeholders, including the National Productivity Boards. It will focus on developing its analytical capacity to support resilience, reflecting the lessons that will be learnt about the impact of the COVID-19 crisis and the different abilities of governments to react and provide support for their economies. The new economic environment and policy challenges, including the need for substantial investment in the green and digital transitions will need to be reflected in the review and implementation of the economic and fiscal governance and surveillance frameworks.

A stronger role of the EU in international fora and international institutions will permit it to better defend its socio-economic model and achieve this general objective.

**Specific objective 1: Support the Member States' economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility.**

The precise impact of COVID-19 on the EU economy is unknown at the time of writing. It is clear that it is dramatic and that an unprecedented downturn will affect overall economic performance at least in 2020-21. Since the start of the crisis, EU national governments and the Union have taken a wide range of initiatives, to safeguard businesses and jobs from the impact. Large-scale liquidity measures were put in place to ensure that businesses were able to survive. Support measures were introduced to maintain jobs and provide income for workers, enabling them to weather the difficult times, with the aim of both supporting them and maximising the chances that the economy can recover swiftly. These measures were critical, and without them it is clear that the downturn would be much more marked and the impact on people and the economy more lasting.

DG ECFIN has been working on the EU support measures from the beginning, and will continue to do so throughout the recovery phases. To help people keep their incomes and keep businesses afloat, DG ECFIN will work towards the effective operation of the temporary Support to mitigate Unemployment Risks in an Emergency (SURE) instrument. This will provide up to €100 billion in loans to Member States to finance short-time work schemes and similar measures aimed at protecting employees and the self-employed. It will support human capital and social cohesion and reduce the pressure on the public deficits. This instrument is temporary, specifically addressed to the current emergency. DG ECFIN will evaluate the case, and in the positive, prepare a proposal for a permanent mechanism of support to reduced-time work schemes in times of economic stress based among other things on the experience with current SURE.

DG ECFIN will work closely with the European Stability Mechanism (ESM) to finalise the modalities and support any use of the Pandemic Crisis Support instrument, including by undertaking the assessments to assess the eligibility criteria and ensure appropriate use of the funds. Should the need arise DG ECFIN will work with euro area countries needing ESM assistance, in line with the responsibilities set out in the two pack and the bilateral memorandum agreed with the ESM, or non-euro area countries requiring assistance from the Balance of Payments (BoP) facility.

DG ECFIN will play a central role in the delivery of programmes funded by Next Generation EU. It will work in joint leadership with the Secretariat General on the design and implementation of the proposed Recovery and Resilience Facility, which will provide EU governments with grants and loans of up to €672.5bn to support national economies through their recovery from the COVID-19 crisis. DG ECFIN will negotiate with the co-legislators to ensure a speedy adoption. The aim will be to build on a strong partnership with national governments, based on mutually agreed and ambitious reform plans to enhance economic and social resilience. In doing this, DG ECFIN will collaborate closely across the Commission, to ensure coherence across policy areas and synergies with other instruments. Internally, it will embed this work within the European Semester and ensure that it operates together with other financing actions, including those under InvestEU. It will

underpin the work with analysis focussing on growth, resilience and the green and digital transitions.

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Provide financing under the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following requests by Member States.
- Negotiate and implement the Recovery and Resilience Facility (RRF).
- Develop and put in place a governance framework integrating the RRF within the Semester, including reform and investment assessment frameworks.
- Ensure coherence between measures to underpin economic and social resilience and the future economic and financial surveillance framework.
- Work with partner countries and international fora to shape the international policy response to the COVID crisis and the recovery, in line with the approach taken at EU level.

### **Impact of better regulation**

Due to the urgency to prepare the proposal for a Recovery and Resilience Facility so that it can be adopted in a timely manner by the co-legislators, a formal stakeholder consultation could not be carried out. The views of the stakeholders were taken into account also in the course of the legislative process on the Reform Support Programme proposal.

Due to the urgent nature of the proposal, no impact assessment was carried out. However, as set out in the Commission proposal, the RRF legislation is informed by the impact assessment for the original Commission proposal for the Reform Support Programme,, whose main findings remain valid *mutatis mutandis*.<sup>7</sup>

Subject to the final agreement of the co-legislators, an evaluation and an ex-post evaluation will be carried out with a view to assessing its effectiveness, efficiency, relevance, coherence of the RFF. Where appropriate, the Commission will accompany the evaluation with a proposal for review of the Regulation. Evaluations will be carried out in line with the Interinstitutional Agreement. The mid-term evaluation is included in the draft 2021-25 Multiannual Evaluation Plan (MAEP) which is currently being finalised. The ex post evaluation sits outside the timeframe of the Strategy Plan and the MAEP. However it will be included in the appropriate future planning cycle

DG ECFIN is mindful of the Commission's simplification and burden reduction drive as part of its regulatory fitness and performance programme (REFIT). Work under this Specific

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See

[https://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2020/0408/COM\\_COM\(2020\)0408\\_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2020/0408/COM_COM(2020)0408_EN.pdf)

Objective comes under the new programme funded by Next Generation EU and there is no preexisting legislation to consider amending.

### **External communication**

DG ECFIN's external communication will pro-actively promote, explain and debate how the new Recovery and Resilience Facility is embedded in the European Semester. Communication will also seize the opportunities SURE will offer to show tangible results and how the EU provides real economy support to job holders and businesses. Semester milestones will also provide communication moments to use when we explain the Commission's recovery and growth strategy. DG ECFIN will prioritise the strengthening and diversification of our ties with key stakeholders and the expert public. Communication will seize similar opportunities to highlight tangible results the ESM's Pandemic Crisis Support instrument.

To do so, DG ECFIN will closely cooperate with SG, COMM, partner DGs and use its interinstitutional channels to work together with the Council, the EP as well as with the ESM. DG ECFIN's own stakeholder and journalist outreach programme, as digital format whenever necessary, and our cooperation with the European Semester Officials for their own outreach programmes will be an important tool to achieve this. In addition, external communication will provide assistance for regular press materials, report on key steps in the external ECFIN newsletter, and will elaborate visually attractive and informative social media content, including video clips and animated gifs. It can also be envisaged to dedicate a Euronews episode on aspects of the enriched European semester. Tailored seminars and DG ECFIN's key annual event, the Brussels Economic Forum, in its new digital format for 2020, will debate and explain the specific objective's concepts and plans.

### **Specific objective 2: Integrate the Sustainable Developments Goals (SDGs) into the European Semester, supporting inclusive, green and digital economic transformations in the post- COVID-19 recovery**

Throughout the years 2020-24, the United Nations' Sustainable Development Goals (SDGs) will be at the heart of EU's policymaking and action. In order to make progress with these goals, the EU will prioritise four dimensions in its economic policy-making and advice: environmental sustainability, productivity gains, fairness and macro-economic stability. These dimensions are closely interrelated and mutually reinforcing, and should guide structural reforms, investments and responsible fiscal policies across all Member States. They will form the basis for implementing the Sustainable Development Goals (SDGs).

The European Semester is the framework for integrated multilateral economic surveillance and related policy advice to EU countries. It will form the basis for monitoring compliance with the SDGs, ensuring that they are at the forefront of the economic policy discussion. It takes place throughout the year, starting in the autumn with the publication of the Annual

Sustainable Growth Survey<sup>8</sup> – which sets out the Union level economic priorities for the year to come – and ending with the adoption of country-specific recommendations by the Council in July. In between, Member States submit their National Reform and Stability/Convergence programmes, which are assessed by the Commission.

The European Semester is a crosscutting exercise, which focuses on macroeconomic and employment developments. It incorporates assessments under the Stability and Growth Pact (SGP) and Macroeconomic Imbalances Procedure (MIP) (these are covered under specific objective 3, below) and provides an integrated outlook on Member States' economies. It is supported by close cooperation with national authorities and stakeholders, continued analysis by DG ECFIN and timely forecasts based on high quality data, and expert interpretation.

Over the 2020-24 period, DG ECFIN will work closely with its partners to ensure that the European Semester delivers on the Commission's growth strategy, and supports the economic recovery from the COVID-19 crisis. In particular, the implementation of the RRF will be consistent with the challenges and priorities identified in the context of the Semester. Similarly, reporting on reform and investment supported by the RRF will be done in the context of the Semester. The RRF will therefore be an important component for making progress with the SDGs, by incorporating reform priorities linked to competitive sustainability and addressing key dimensions of the SDGs. The overall framework will emphasise the importance, benefits, and challenges linked to the climate, energy and technological transitions under four dimensions: environment, productivity, stability and fairness, and the European Semester will monitor progress with the goals. In this way, the attainment of general objective 3 (An economy that works for people) will be pursued in parallel to general objectives 1 (A European Green deal) and 2 (A Europe fit for the Digital Age).

Internally, DG ECFIN will draw on its economic service function to provide analysis and research to support policy objectives across the Commission, to deliver on all relevant aspects of the Commission's general objectives. It will develop analyses to support policy making and advice on the economic recovery, including how to build resilience across the Union, and in the transition to climate neutrality, to harnessing digitalisation into a means for inclusive growth and to address the economic and budgetary challenges associated with population ageing and other demographic challenges. It will remain responsive to evolving conditions, providing economic forecasting and modelling, and developing expertise and analysis as needed by contemporaneous events.

Maximising the effectiveness of economic and fiscal surveillance requires careful analysis, forecasting and reflection, close cooperation with other bodies and Member States, and an approach that is able to adjust to changing challenges and priorities. DG ECFIN will work to ensure that policy aims and priorities underlying the surveillance process reflect the

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<sup>8</sup> This is published as part of the Autumn package which also contains the Alert Mechanism Report under the Macroeconomic Imbalances Procedure (MIP), the euro area recommendations, and the Joint Employment Report.

evolving needs of the Member States' economies, including the substantial public investments needed to support the green and digital transitions.

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Revamped country-specific analysis integrating the new economic narrative centred on competitive sustainability and the assessment of national recovery and resilience plans;
- An indicator-based framework to monitor and steer the transition to a climate-neutral and resource-efficient economy as well as the macroeconomic and social implications of the ecological transition;
- Improved monitoring of the Member States' progress towards the Sustainable Development Goals.
- The integration of climate change in the surveillance framework, possibly including green budgeting, reflection of climate change related risks in debt sustainability analysis and risk management in national budgetary frameworks.

### **Impact of better regulation**

DG ECFIN is mindful of the Commission's simplification and burden reduction drive as part of its regulatory fitness and performance programme (REFIT). Work under this Specific Objective involves the implementation of surveillance activities that derive from legislation covered under Specific objective 3. The application of better regulation principles and burden reduction or simplification would come under that objective.

### **External communication**

As for the other specific objectives, DG ECFIN's communication strategy 2019-24, "Using Communication as an Integral Part of Policy Delivery", constitutes the overall framework for DG ECFIN's external communication. Communication will pro-actively promote, explain and debate European Semester milestones integrating the Sustainable Developments. As explained in context with the other specific objective, it will therefore be of utmost importance and our strong interest to further strengthen our ties with key stakeholders and the expert public.

DG ECFIN will closely cooperate within the Commission and with other institutions. It will also use its own stakeholder outreach programme and build on the Brussels Economic Forum, as developed in the previous section to increase the visibility of the reorientation of the European Semester.

### **Specific objective 3: Review and implement the economic and fiscal surveillance framework to deliver conditions for sustainable economic growth**

Economic and fiscal surveillance are at the core of DG ECFIN's work. DG ECFIN delivers on articles 121, 126, 136 of the Treaty and is tasked with implementing surveillance based on those articles and developed in the six and two Packs legislation. Along with the European



Semester – which is covered under specific objective 2 – this includes fiscal surveillance under the Stability and Growth Pact, the surveillance of macroeconomic imbalances under the Macroeconomic Imbalances Procedure, a range of procedures specifically introduced to address countries facing difficult circumstances, including economic adjustment programmes, as well as minimum standards for the Member States’ fiscal frameworks. This specific objective has two angles: working on the legal and procedural framework that determines how surveillance is designed and organised, and the implementation of surveillance, including all analytical and preparatory activities that support a meaningful approach, centred on the economic needs of the Member States, the euro area and the Union.

The surveillance framework is defined by the legislation, codes of conduct and other quasi-legal documents such as memoranda of understanding. As economic conditions change and knowledge and experience grow, good policymaking requires that the framework in place be assessed and adjusted as needed. This will be done internally on a continual basis in line with the principles of Better Regulation and the review clauses included in the legislation. A Commission communication on the review of the EU economic governance was presented in February 2020 (together with two Staff Working Documents prepared by DG ECFIN). In its reflections, DG ECFIN considered the need for sustainability, stabilisation, as well as the relationship between the surveillance framework and the global strength of the EU economy and investment agenda. The outcome of the review launched a debate to determine whether and which adjustments should be made to the surveillance framework. The debate will have to bear in mind the different challenges resulting from the impact of the COVID-19 crisis, for example in relation to fiscal sustainability, macroeconomic stability and the need to enhance the economic and social resilience of Member States’ economies, including the substantial public investments needed to support the green and digital transitions.

Throughout the 2020-24 period, DG ECFIN will implement the surveillance framework, in a manner that reflects the needs of the economic recovery, using the full flexibility allowed in the rules. It will focus on addressing the effects that the COVID-19 crisis has on economic growth and employment, and will aim to rebuild Europe’s resilience to shocks. This will include focussing on a growth-friendly fiscal stance in the euro area and stimulating investment, while safeguarding fiscal sustainability and reducing macro stability risks. In the short-term, it will focus on the monitoring of Member States’ implementation of short-term fiscal measures deployed to mitigate the impact of COVID-19 and the appropriate application of the general escape clause – which was activated in 2020 to enable Member States to appropriately support their economies through fiscal means. The subsequent transition back to a more normal implementation of economic and fiscal surveillance will take into account the review of the surveillance framework. On the macroeconomic front, the Macroeconomic Imbalances Procedure will highlight any emergent macro stability risk, via the Alert Mechanism Report, to facilitate timely preventive and corrective action and build the long-term resilience of the EU’s economies. DG ECFIN will also monitor the effective functioning of national fiscal frameworks during the recovery and explore ways to increase their robustness. DG ECFIN will monitor longer-term challenges for fiscal sustainability, including the economic and budgetary impact of population ageing.

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Monitoring and assessment of the economic situation, risks and outlook
- Assessment of fiscal and economic policies, particularly in connection with the submission of Stability and Convergence Programme and Draft Budgetary Plans, as well as the fiscal monetary policy mix, formulation of policy recommendations and monitoring of their implementation.
- Assessment of short-term risk of fiscal stress. Assessment of medium- and long-term fiscal sustainability, including in particular the economic and budgetary impact of population ageing
- Undertake the review of the economic and governance framework followed by operational proposals for improving of the framework.

### **Impact of better regulation**

The principles of better regulation continue to be applied to specific objective 3.

The start of a new political cycle in the Union is an opportune and appropriate moment to assess the effectiveness of the current framework for economic and fiscal surveillance, especially the six-pack and two-pack reforms, for which the Commission is required to report on their application.

Staff Working Document (SWD (2020) 210 final) provides evidence and analytical underpinning for the Commission Communication on the economic governance review (COM (2020) 55 final). The review encompasses legislative packages known as the six-pack and two-pack, which were adopted with the aim of strengthening the EU's economic governance system in response to the economic and financial crisis.

The purpose of the Communication is to start a public debate on how to strengthen the implementation of the economic governance framework. Following publication of the Communication, a public debate was launched in early 2020 to provide an opportunity for stakeholders to share their views on the functioning of surveillance so far, and on possible ways to enhance the effectiveness of the framework in delivering on its key objectives.

DG ECFIN is mindful of the Commission's simplification and burden reduction drive as part of its regulatory fitness and performance programme (REFIT). Work under this Specific Objective is based on legislation that contains very specifically formulated review clauses. In determining whether or not to pursue an amendment of the legislation following completion of the public debate, DG ECFIN will pay due consideration to the burden lightening agenda.

### **External communication**

External communication will pro-actively accompany and support the debate and possible improvement of the fiscal surveillance framework. Economic and fiscal surveillance will be even more under communication scrutiny in view of the activation of the SGP's general

escape clause; this will be even more the case when the general escape clause ceases to apply. The envisaged debate on the review and possible improvement of the economic and governance framework and how the framework guides Member States on their paths to economic recovery will offer valuable communication opportunities to highlight and explain its usefulness. Similar heightened communication needs will emerge in relation to the Macroeconomic Imbalances Procedure and questions on specific investment agenda issues to tackle the impact of the COVID-19 emergency. This will mean explaining to a wide range of stakeholders the reasons, expected outcomes and the overall economic stance. To do this, DG ECFIN's stakeholder and journalist outreach programme will be the ideal platform, as it can rely on years of having built trust and recognition. The starting point to promote this specific objective will be explaining the economic governance framework under the general escape clause and will continue by relaunching the debate of the review of the framework. The new circumstances of the post-COVID-19 economic recovery will bring this debate very much to the forefront and our communication will need to anticipate and prepare for a very engaged and committed debate.

With this aim, DG ECFIN will closely cooperate with Cabinet, SPP, SG, COMM, and use its interinstitutional channels to work together with the Council and the EP. The European Semester Officials will be essential to bring the debate to the Member State level and DG ECFIN will support them with speakers and attractive material, such as PowerPoints and visuals. DG ECFIN's annual key event, the Brussels Economic Forum, in its 2020 digital format and probably again in its classic format for the following years, will serve as the ideal platform for discussion. In addition, external communication will provide assistance for regular press materials and will elaborate visually attractive and informative social media content, including video clips and animated gifs. DG ECFIN's corporate web presence on Europa will also evolve further to present the new governance tools in an attractive and approachable fashion. It can also be envisaged to dedicate a Euronews episode on aspects of the new and enriched European semester.

#### **Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions**

Twenty years after its launch, the single currency is an important driver of growth for the euro area. The economic and financial crisis of ten years ago led to major steps to reinforce the integrity of the economic and monetary union (EMU), but its architecture remains incomplete. Its completion is important, in order to underpin the resilience of the euro area and promote growth over time. In the face of the economic and financial impact of Covid-19, several steps being taken as part of the immediate policy response and underpinning the recovery afterwards could result in progress in strengthening the EMU architecture. The stronger fiscal capacity of the EU as well as the common EU debt issued to fund it would help to mitigate the economic impact from Covid-19 and could improve the capacity of the national economies and the euro area as a whole to face new risks – whether their origin is internal or external. With a firm political backing of a stronger EU policy action, large issuance by the Commission, the EIB and the ESM of highly-rated euro-

denominated bonds, and a more balanced policy mix at EU/EA level amount to concrete steps that could bolster the standing of the currency and enhance the EU's geopolitical position. By doing so, the actions under this specific objective will contribute to the attainment of general objective 4 (A stronger Europe in the world). A stronger EMU needs to be underpinned by a properly functioning financial union that would help match available savings with new investment requirements and attract global capital to support green and digital transitions. This has a particular importance in the aftermath of the COVID-19 crisis, given the critical need for investment to underpin the economy. The actions under this specific objective can thus indirectly support efforts to achieve general objectives 1 (A European Green Deal) and 2 (A Europe fit for the digital age).

Steps to complete EMU will make euro area more resilient to economic and financial stress and deliver stabilisation in the most efficient manner possible. The EMU requires prompt and comprehensive action to complete the banking union and the capital market union. The reforms should ensure a more effective crisis management, and overcome the persisting fragmentation of banking markets across national boundaries and the insufficient development of capital markets, which limit their capacity to absorb shocks and stimulate growth, including in the recovery phase from a major shock. Breaking the negative feedback loops between banks and their sovereigns also involves overcoming the fragmentation of euro area bond markets, which exposes economies and the banking system to the impact of capital flights in times of stress..

Delivering on the much-needed reforms to EMU requires DG ECFIN to work very closely with DG FISMA, which has the primary responsibility for banking and capital markets union. Over the course of the years 2020-24 DG ECFIN aims to:

- Identify and promote actions that can lead to a more effective macro-economic policy mix and to enhanced resilience in the euro area
- Build a consensus on the appropriate steps to take in the completion of EMU
- Contribute to the completion of banking and capital markets union, to improve crisis management, address fragmentation of financial markets, provide alternative financing to the EU economy and break the sovereign-bank nexus.
- Take forward the work aimed at strengthening the international role of the euro

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Provide technical assessment, strategic policy guidance and recommendations for the euro area economy, also to address the fallout of the Covid-19.
- Contribute to the reflection and the proposals of the Commission in the area of financial union with the most relevant macro-economic impacts for EMU.
- Continue technical work and present proposals on the functioning of sovereign and supranational debt markets in the euro area, including as regards promoting an increase in euro-denominated issuance.
- Oversee the euro area enlargement process by preparing regular assessment of whether Member States with a derogation fulfil the necessary conditions for euro

adoption, monitoring the fulfilment of ERM II commitments, and providing technical assistance on euro changeover.

- Develop knowledge and coordinate with stakeholders on the development of central bank digital currencies.
- Develop analytical work and coordinate with DG FISMA and DG CNECT on the development of central bank digital currencies.
- Continue to protect the euro against counterfeiting through specific legislative measures and training actions as well as technical assistance provided by the European Technical Scientific Centre (ETSC).

### **Impact of better regulation**

Since the introduction of the euro as a single currency, there is the need to protect the euro against counterfeiting at EU level and to have a specific programme dedicated for this purpose. Under specific objective 4, DG ECFIN leads on the Pericles programme which is dedicated to the protection of euro banknotes and coins against counterfeiting, and was established by Regulation (EU) No 331/2014. A mid-term evaluation SWD of the Pericles 2020 Programme was completed in December 2017 in line with the better regulation requirements. The SWD accompanied Communication COM(2017) 741 to the European Parliament and to the Council which concluded that the Pericles programme should continue beyond 2020. In line with the principle of evaluate first, the evaluation SWD has also informed COM(2018) 369 final which proposes a new Pericles programme for the 2020-27 MFF period.

During the strategic plan period, DG ECFIN will undertake a number of Pericles evaluations in line with better regulation requirements. This will include the ex post evaluation of the Pericles 2020 programme in 2021 and the mid-term of the new Pericles programme. Results of the evaluations will continue to be used to bring forward improvements to the programme. For example the conclusions of the 2017 mid-term evaluation resulted in the introduction of a number of simplification measures for programme beneficiaries. These measures have been carried forward into the new proposal.

Both the ex post evaluation of Pericles 2020 and the mid-term evaluation of the new Pericles programme are included in the draft 2021-25 Multiannual Evaluation Plan (MAEP) which is currently being finalised.

DG ECFIN is mindful of the Commission's simplification and burden reduction drive as part of its regulatory fitness and performance programme (REFIT). Work under this Specific Objective does not contain burdensome legislation that can be simplified but looks at ways in which the completion of EMU can be pursued to underpin economic resilience and growth.

### **External communication**

DG ECFIN's strong role to support the economic recovery by means of the available and newly created EMU tools and processes will provide ample opportunity to document and explain how EMU needs to be further developed to render our economies more resilient. Moreover, it remains as important as ever to recall the overall benefits that the single

currency in combination with a well-functioning EMU, a fully developed Banking Union and Capital Markets Union brings. Based on the Communication strategy 2019-24, “Using Communication as an Integral Part of Policy Delivery”, external communication will therefore pro-actively engage DG ECFIN’s wide range of stakeholders and journalists via its outreach programme. The new circumstances of the post-COVID-19 economic recovery will bring this debate very much to the forefront and communication will need to anticipate and prepare for a very engaged and committed debate.

With this aim, DG ECFIN will closely cooperate with Cabinet, SPP, SG, COMM, and use its interinstitutional channels to work together with the Council and the EP. It will make full use of its various external communication channels to raise awareness of its direct stakeholders and of the general public on the new tools and aspects of EMU.

**Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy**

This is covered in detail under general objective 1.

## General objective 1: A European Green Deal

Climate change and environmental degradation is the defining challenge for this generation, both for Europe and the world. As a response, the European Union has launched the European Green Deal, which is the roadmap to making the EU's economy sustainable. This strategy aims at a transformation that will result in a modern, resource-efficient and competitive economy where i) there are no net emissions of greenhouse gases by 2050, ii) economic growth is decoupled from resource use and iii) no person and no place is left behind.

Rapid progress with the transformation to green growth is an opportunity to put the EU firmly on a new path of sustainable and inclusive growth. It requires a holistic approach of investment, regulation, innovation and incentives. DG ECFIN will contribute to this crosscutting ambition by coordinating the roll out of the European Green Deal/ or Sustainable Europe Investment Plan (EGDIP/SEIP). In this context, it will contribute to the development of the policies constituting and supporting the European Green Deal through economic service, policy advice and its investment programme InvestEU, which will also contribute to the implementation of the Just Transition Mechanism. In addition, given its strong focus on investment and reforms aimed at addressing the challenges related to the green and digital transitions, the RRF will facilitate the delivery of the European Green Deal. In that context, DG ECFIN will produce analytical work looking at economic resilience to climate change in support of the Commission's climate adaptation strategy and it will work towards integrating disaster risk management aspects in the relevant parts of the economic and fiscal surveillance framework.

The section below describes Specific objective 5 (Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy) and explains how the direct actions and investment support that DG ECFIN will provide to the attainment of the European Green Deal under the Sustainable Europe Investment Plan. Specific objectives 1, 2 and 3, which are described above, also contribute directly to the attainment of this general objective. Although in a less direct manner, Strengthening Europe's role as a global leader (Specific objective 6) is also important to the success of the European Green Deal: it will be less effective if implemented in isolation from the rest of the world.

**Specific objective 1: Support the Member States' economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility.**

This is covered in detail under general objective 3.

**Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy**

The need for investment is central to the economic policy challenges of our time. It is necessary to support growth over the medium-term – delivering the green and digital

transformations of our economies – and to ensure that the disturbances to the economy from the COVID-19 containment measures do not result in a protracted impact. DG ECFIN will target both these angles in its work on delivering investment spending under the Sustainable Europe Investment Plan.

Under the 2014-20 Multiannual Financial Framework (MFF), DG ECFIN managed the European Fund for Strategic Investments (EFSI), which mobilised private and public funding for strategic investments in the European economy. DG ECFIN will be instrumental in working on the new instruments introduced under the 2020-24 period taking into account the impact of COVID-19 on the economy.

The Sustainable Europe Investment Plan (SEIP) (or the European Green Deal Investment Plan) will be the mechanism through which the EU will directly contribute to environmental, climate and social sustainability. Over the course of 2020-24, DG ECFIN will be a key contributor to delivering financing to the real economy under the Green Deal, targeting investment that will deliver the ecological transition. Setting up the InvestEU Fund will be a priority in the early part of the mandate, to be followed by a dynamic and targeted implementation, in line with the policy.

Under the new planning period, DG ECFIN will be central in delivering financing under the InvestEU programme given its coordinating role for the overall instrument, while sectoral DGs are in charge of the policy steer of financial and advisory products. InvestEU will deploy varied financing tools such as guarantees and equity support, to pull in funding from the private sector and is expected to mobilise around EUR 300 billion in investment. DG ECFIN will work to target this financing to place the EU at the forefront of technological development and help create, grow and scale-up innovative, sustainable and competitive businesses in Europe. Developing the right approach will involve analysis of climate priorities, national investment environments, activities and actors and be complemented by policy action on investment barriers and national capacity building. InvestEU will represent a break from the ‘one-instrument-per-policy’ approach of previous years to addressing common goals using multiple approaches. This will allow specific policy aims to be better targeted and can be an important vehicle for the transition to the green economy.

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Ensure a timely implementation and periodic review of the Sustainable Europe Investment Plan (SEIP), including through the annual Sustainable Investment Summit.
- Under the SEIP, screen and benchmark of green budgeting practices across Member States and put in place the InvestEU Programme.
- Implement the InvestEU guarantee in cooperation with the EIB and other implementing partners.
- Introduce and implement the InvestEU Advisory Hub and the InvestEU Portal.



## **Impact of better regulation**

The evaluate first principle has been adhered to in the development of the InvestEU proposal. The proposal builds on lessons learnt from evaluations of previous financial instruments and of the European Fund for Strategic Investments (EFSI). In particular, an independent evaluation (which followed better regulation guidelines closely) of the EFSI was conducted in 2018 (SWD 2018 (316 final)), and served as input into the proposal. The evaluation's staff working document received a positive opinion from the Regulatory Scrutiny Board in May 2018.

In addition, several other evaluations on the EFSI have occurred since its inception:

- Commission evaluation on the use of the EU guarantee and the functioning of the EFSI guarantee fund accompanied by an opinion of the Court of Auditors
- EIB evaluation on the functioning of the EFSI (October 2016)
- independent external evaluation on the application of the EFSI Regulation (November 2016)

The main findings of these evaluations were summarised in the Commission Communication on the Investment Plan for Europe (COM (2016) 764).

By 30 September 2025, the Commission will carry out an interim evaluation of the InvestEU Programme, in particular on the use of the EU guarantee. The evaluation is included in the draft 2021-25 Multiannual Evaluation Plan (MAEP) which is currently being finalised.

In line with better regulation, InvestEU is underpinned by an impact assessment (SWD(2018) 314 final). The InvestEU impact assessment examines in detail the main challenges for the next MFF, in particular the investment gaps and sub-optimal investment situations in different policy areas like research and innovation, sustainable infrastructure, SME financing as well as social investment. It analyses and explains the choices for the proposed InvestEU Fund structure, its governance, objectives, target actions, financial products and final recipients.

The InvestEU proposal takes into account the results of the January – March 2018 Open Public Consultation on EU funds in the area of investment, research & innovation, SMEs and the single market. The replies related to EU Support for Investment were of particular relevance to InvestEU.

The aim of the InvestEU Fund is to simplify the EU investment support by establishing a single framework that helps to reduce the complexity. Due to a reduced number of agreements under a single set of rules, the InvestEU Fund will simplify the access to EU support for the final recipients, the governance and the management of investment support instruments. Moreover, as the InvestEU Fund covers all investment support policy needs, it allows for the streamlining of and harmonisation of reporting requirements and performance indicators.

## **External communication**

As set out in DG ECFIN's communication strategy 2019-24, "Using Communication as an Integral Part of Policy Delivery", external communication actions will pro-actively support DG ECFIN's key outputs and its outreach to key stakeholders and the public. It will aim to inform of and debate DG ECFIN's important contribution to the Commission's priority and promote the central role of investment foreseen with the post COVID-19 recovery package, including InvestEU and the Recovery and Resilience Facility. Communicating intensively and holistically will be a key priority, including on the delivery of the Sustainable Europe Investment Plan (SEIP) and InvestEU and its interlinkages to the European Green Deal and the digitalisation of the EU economy.

To do so, DG ECFIN will manage the new InvestEU website in all EU languages to inform on the progress of the InvestEU programme. A communication campaign will support this by raising awareness of the programme and its benefits for stakeholders and citizens. Communication will also fine tune its targeting to reflect the envisaged change from a 'one-instrument-per-policy' approach to multiple approaches. The post-2020 InvestEU communication campaign will run as a two-phased approach, involve several DGs and build on the successful model of the EFSI campaign under the Investment Plan for Europe. The first phase until end-2021 will focus on stakeholder communication and aim to inform multipliers and investors, raise awareness among a specialised audience of stakeholders and encourage potential beneficiaries to apply for financing and support through the InvestEU Programme. The second phase of mid/end-2021 or as soon as InvestEU projects and first success stories start to materialise, will focus on citizen communication to inform them about the impact and benefits of the InvestEU programme, communicate on first results and concrete projects. This phase will aim to reach non-specialist audiences and focus on showing InvestEU results on the ground. It will do so by showcasing people-focused success stories of projects supported by the programme, with an emphasis on the human side and storytelling aspect. Social media support will accompany both phases.

Communication will integrate firmly into policy development and will apply the full range of communication tools. This includes regular press materials, a rich set of visually attractive and informative web and social media content, video clips and Euronews episodes on aspects and successes – including tangible success stories – of InvestEU, infographics, selected publications and the stakeholder and journalist outreach programme to prominently feature investment and how funding supports companies and the real economy in the recovery phase.

To underpin the communication on this specific objective, DG ECFIN will plan ahead and coordinate its communication activities on key policy milestones closely with the cabinet communication adviser, the SPP, DG COMM, SG and other concerned services, as well as with the European Semester Officers (ESO) network. In addition, DG ECFIN with the Communication unit will support DG COMM's visiting programme by giving presentation to groups.

## **General objective 2: A Europe fit for the digital age**

The preservation of our social market economy and the maintenance and increase of our living standards is dependent on Europe remaining at the global frontier of productivity. While this has always been true, the rapid developments in digital technologies and the economic challenges posed by our ageing population, means that incorporating new technologies is a “must” in order to remain competitive and increase our living standards. The impact of the COVID-19 crisis poses additional challenges – both for firms and for governments. In parallel, it highlights the central impact that digital technologies play in today’s economy and emphasises the disadvantage that firms and countries that have not invested sufficiently in digital technologies in the past. For this reason, the specific instruments that have been put in place to provide financing for the recovery, will also focus strongly on the digital transformation and the way it impacts on the economic and social resilience of our economies.

While the digital transformation of our economy and our society more widely brings many opportunities, it also brings many challenges on both an economic and a social level. The Commission is developing a wide-ranging agenda to facilitate the propagation of digital technologies into our economy and to regulate it and address the challenges it raises. DG ECFIN will contribute to this, through its support for tangible and intangible investment, both directly, and by prioritising the need for Europe to develop, invest in and use cutting edge technologies as well as contributions to policy initiatives aimed at providing an appropriate regulatory framework to stimulate the development and diffusion of digital technologies to the benefit of the European economy and population at large.

The adoption of new technologies can bring important efficiency gains and can enable the emergence of new products and services that can help achieve societal objectives, such as combatting climate change and delivering better healthcare. Developing and introducing these technologies requires public and private investment, and the ability to use them requires a workforce with a high level of digital capabilities. The fast rate of change brings difficulties with it though. In terms of employment, the disappearance of some jobs along with the emergence of others can change the types of skills demanded and the location of jobs. Digitalisation can also exacerbate inequalities in the population, for example when incumbent companies gain excessive market power, reducing the benefits for consumers. It may also have substantial impacts on tax revenues and the provision of public services, with fiscal consequences.

**Specific objective 1: Support the Member States’ economies to become more economically and socially resilient and minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering up to €672.5bn in grants and loans under the Recovery and Resilience Facility.**

This is covered in detail under general objective 3.

### **Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy**

See the section under general objective 1, for the explanation of how DG ECFIN will deliver on this objective.

In total InvestEU is expected to mobilise around €300 billion of additional public and private investment in key EU policy areas. This shall include investments in digital connectivity infrastructure that increases the capacity and resilience of EU networks. It shall also support digitalisation of transport and promote more energy efficient networks, digital connectivity services and data centres. Through its Research, Innovation and Digitisation window, InvestEU shall also support research as well as innovative entities that contribute to the digital transformation of businesses, markets and Member States.

The InvestEU Fund is a market-based and demand-led, but also a policy-driven instrument. The InvestEU fund will support investments for the digital transformation mainly under the research, innovation and digitisation window. Moreover, implementing partners may deploy joint products under one or two other windows of InvestEU where it would make sense and digitalisation aspects are also present under the sustainable infrastructure (roll-out of digital technologies), SME (better conditions for portfolios of SMEs wishing to obtain loans for digitalisation purposes) or even social (through support of digital skills) windows.

#### **Impact of better regulation and external communication**

See general objective 1, specific objective 5.

## **General objective 4: A stronger Europe in the world**

DG ECFIN will contribute to the geopolitical agenda of the Commission, through its conduct of economic policy and through its interactions with global partners. Recent years have seen a shift in the geopolitical landscape, with relationships in the world adjusting and with the multilateral institutional set-up coming under strain. In addition, The COVID-19 crisis caused an unprecedented challenge for the global economy, by triggering a global recession with potentially long-lasting consequences, by exacerbating pre-existing vulnerabilities and fragilities especially in many emerging market economies, and by reinforcing tendencies to pursue unilateral and protectionist policy responses.

The European Union remains a strong global player, and is economically the second largest market in the world. Further increasing Europe's strength in the world over the years 2020-24, will involve taking a more strategic approach to economic relations with both partner countries, and countries in the neighbourhood, including through the provision of macroeconomic financial assistance (MFA). It will also involve focussing strongly on relations with multilateral institutions, fora and international financial institutions and development banks. The approach to these is described in specific objective 6.

In order to play a stronger role in the world, the EU needs strong and credible economic and financial frameworks. Building these will increase the economic sovereignty of the European Union, enabling it to be more self-reliant and to pursue its economic and political objectives with fewer constraints. Developing the international role of the euro is therefore an important aspect, and will be closely tied to the deepening of economic and monetary union, as described in specific objective 4, above.

### **Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions**

This is covered in detail under general objective 3.

### **Specific objective 6: Strengthen Europe's role as a global player on economic issues and increase the international role of the euro**

Under specific objective 6, DG ECFIN will pursue its domestic agenda across all policy areas in a way that is consistent with promoting the EU's global leadership and it will promote stability in the world in its policies with an external dimension. In its neighbourhood, the EU will make an important contribution to economic stability and resilience through the provision of Macro-Financial Assistance (MFA), in particular in the context of the recession caused by the COVID-19 pandemic. More generally, the EU will support multilateralism to reinforce its influence as a force for stability in the world and, while also increasing its strategic economic relations with its partners, both in its neighbourhood and beyond.

Providing financial support to neighbourhood and candidate countries through the MFA facility will help them address the consequences of COVID-19 and keep the whole region stable, while at the same time limiting the long-term impact on their economy. DG ECFIN will make use of the expanded MFA envelope under the 2021-2027 MFF to build both economic resilience and economic partnerships with our neighbours and partners. It enables

us to leverage EUs interests and values in the region and work alongside our international partners – notably the IMF – supporting countries facing an acute balance-of-payment crisis in a way that also enhances the countries growth potential through the economic reforms that our partners commit to undertake to obtain MFA. Strengthening our instruments for neighbourhood development and pre-accession assistance, will help our partners weather the difficult times that are coming as the effects of the COVID-19 crisis work their way through their, and our, economies. It also provides an opportunity to address some of the structural and governance challenges some of our partners are facing thereby fostering stability and prosperity in the neighbourhood.

The promotion of the international role of the euro is one of the three pillars of the forthcoming Commission communication on strengthening Europe’s Economic and Financial Sovereignty (EFS). DG ECFIN will work to promote the use of the euro and thereby reinforce euro area monetary sovereignty in financial and energy markets, while strengthening Europe’s influence in the world and improving the resilience of the international financial system. This action will need to go hand in hand with the development of the capital markets union under the EMU deepening agenda. In the early days of the mandate, DG ECFIN will contribute to the forthcoming communication on EFS, and the development of an action plan on economic diplomacy, with an emphasis on increasing the use of the euro and developing its international use in particular in the Western Balkans, Eastern Partnership countries, neighbourhood countries and major G20 partners. Based on a first set of consultations with third countries, ECFIN will focus its energies on devising and delivering further concrete steps.

DG ECFIN will focus on enhancing the potential of multilateralism by addressing EU-specific challenges and strategically projecting its vision in the international arena. It will reach out to enhance international coordination and complementarity between EU and Member States in third countries or global structures. It will focus on the EU playing a stronger role in the G-groups and the International Financial Institutions (IMF, World Bank, OECD) in order to bolster its influence and work for the preservation of the global rules-based system. This requires projecting the EU expertise on economic issues, including in the area of global economic governance and the functioning of International Financial Institutions. To do this, ECFIN will strengthen its economic diplomacy in the areas that are of major importance for the EU economic policy and will focus on driving the discussion on global economic policy coordination on policies aimed at achieving strong, sustainable, balanced and inclusive growth.

DG ECFIN will pursue the need to ensure that the EU is appropriately represented in international economic and financial fora and that it speaks with a unified voice on issues such as the global economy (in the G7, G20, IMF), international development and investment (World Bank and other Multilateral Development Banks), global financial regulation (Financial Stability Board), international tax transparency (OECD), and anti-money laundering (Financial Action Task Force). In addition, DG ECFIN will prioritise its dialogues with like-minded advanced economies such as Canada, Australia and Korea, which are key to shaping future global economic governance.

The COVID-19 pandemic has highlighted critical vulnerabilities in the international community's ability to respond to a crisis of this nature and in the coordination of policy responses to limit the economic damage from the pandemic and the containment measures and build a bridge to the economic recovery. A comprehensive approach to deal with the COVID-19 crisis and its legacy requires coordination of the strategies at international level. The EU should act as a global leader in international and multilateral organisations – and in particular in the G7, G20, IMF to advance such cooperation. DG ECFIN is ready to provide the necessary contribution to this work. Strengthening Europe's role as a global player on economic issues, and increase the international role of the euro (Specific objective 6) would also help ensure the success of a European Green Deal (General Objective 1) as it will be less effective if implemented in isolation from the rest of the world. Furthermore, a stronger role of the EU in international fora and international institutions will permit it to better defend its socio-economic model and achieve an economy that works for people (General Objective 3).

DG ECFIN will develop an annual management plan every year to deliver on this objective. This will – among other elements – deliver the following key outputs:

- Support for neighbourhood countries and enlargement partners, including through the provision of macro-financial assistance (MFA).
- Promote EU key policy approaches in the international context (example: EU Green Deal).
- Project the values and principles of the EU's economic and financial framework and policy recommendations by helping to shape the EU's external economic policies and their implementation. Promote EU positions and interests, cooperation in the external field and preparing EU positions in the G7, G20, IMF, EIB/EIF, EIB External Lending Mandate (ELM) and governing bodies of the EBRD and other IFIs
- Work on an internationally consistent comprehensive approach to the COVID-19 crisis and its consequences, including as regards international debt transparency and sustainability.
- Analyse and forecast the global economic impact of the Covid-19 crisis and support key partner countries in shaping the policy response to the crisis and its economic fallout.
- 
- Provide analysis and formulate strategic policy advice as regards strengthening EU's economic role in global economic governance, including through tighter EU coordination in international financial institutions
- Actively promote economic diplomacy to strengthen the international role of the euro

### **Impact of better regulation**

DG ECFIN will undertake ex post evaluations of all MFA operations due to be completed during the period of the strategic plan. A number of MFA evaluations are included in the draft 2021-25 Multiannual Evaluation Plan (MAEP) which is currently being finalised. In addition, in 2021 a met-evaluation of 15 MFA operation evaluations completed since 2009

will be finalised. The meta-evaluation will assess the principles and characteristics governing the MFA instrument aiming to provide input on how to improve the instruments' relevance, effectiveness, efficiency, value added and its ability to respond to the priorities of EU external action as well as the day-to-day management of MFA interventions. An OPC will inform the meta-evaluation.

An evaluation SWD of the EU budgetary guarantee underpinning the European Investment Bank's External Lending Mandate was completed in 2019. The SWD built on an independent evaluation undertaken in 2018. The SWD reviewed the implementation of Decision 466/2014/EU in 2014-18 and provided input for the design of the new External Action Guarantee in the context of the post-2020 Neighbourhood, Development and International Cooperation Instrument (COM(2018) 460 final). The evaluation SWD was considered by the Regulatory Scrutiny Board in July 2019 and received a positive opinion.

Streamlining a number of instruments within one broad instrument will provide an opportunity to rationalise management and oversight systems, and so reduce the administrative burden for EU institutions and Member States.

### **External communication**

Based on DG ECFIN's communication strategy 2019-24, "Using Communication as an Integral Part of Policy Delivery", external communication actions will pro-actively support the narrative of how a stronger international role of the euro can contribute to a stronger Europe in the world. External communication will pursue its annual Eurobarometer surveys in the euro area as well as in the seven non-euro area Member States. This will serve as solid background information for debating policy and designing communication actions tailored to the specific national sentiment.

DG ECFIN's outreach to key stakeholders and journalists to communicate and debate DG ECFIN's contribution to this essential priority will offer ample opportunities to regularly remind of the clear benefits of the common currency beyond the euro area and the EU. This will also tie in with the specific objective to foster a deeper and more resilient EMU in both the economic and financial dimension.

In the new circumstances of driving the economic response to the COVID-19 emergency, there is huge opportunity to focus communication on how a stronger role of the common currency can mitigate some of the critical international vulnerabilities which became visible in terms of coordination of the strategies at the international level. Communication will therefore stress the importance and utility of the EU assuming more responsibility as a global leader in international and multilateral organisations.

To do so, DG ECFIN will support the corporate campaign on the stronger role of Europe in the world specifically through the prism of a strengthened role for the euro.

Moreover, communication will integrate firmly into policy development and will apply the full range of communication tools. This includes regular press materials, a rich set of visually attractive and informative web and social media content, as well as reusing or adapting the general public video clip produced on this topic. Selected titles from DG



ECFIN's annual publication programme and the stakeholder outreach programme will likewise support communication.

To underpin the communication on this specific objective, DG ECFIN will plan ahead and coordinate its communication activities on new developments closely with the cabinet communication adviser, the SPP, DG COMM, SG and other concerned services, as well as with the European Semester Officers (ESO) network.

# Performance tables

General objective 3: An economy that works for people		
<b>Impact indicator 3 : Real GDP growth rate</b>		
<b>Explanation:</b> Gross domestic product (GDP) is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation		
<b>Source of the data:</b> Eurostat (Eurostat online data code: <a href="#">TEC00115</a> )		
Baseline (2019)	Interim milestone (2022)	Target (2024)
1.5%	increase	increase

<b>Specific objective 1: Support the Member States' economies to minimise the lasting impact of the COVID-19 pandemic on the EU, including by delivering €672.5bn in financing under the Recovery and Resilience Facility</b>		
<b>Result indicator 3: Real GDP per capital growth</b>		
<b>Explanation:</b> This indicator measures the annual percentage growth rate of gross domestic product (GDP) per capita based on constant local currency. GDP per capita is the GDP divided by the midyear population. GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources		
<b>Source of the data:</b> Eurostat (Eurostat online data code: <a href="#">TEC00115</a> )		
Baseline (2018)	Interim milestone (2022)	Target (2024)
1.5%	Increase	Increase
<b>Indicator on simplification and burden reduction<sup>9</sup></b>		
N/A: not a law-making policy area.		

<sup>9</sup> Applicable for law-making policy areas

**Specific objective 2: Integrate the Sustainable Developments Goals (SDGs) into the European Semester, supporting green and digital economic transformations in the post- COVID-19 recovery**

**Result indicator 4: : People at risk of poverty or social exclusion**

**Explanation:** The indicator shows the percentage of people affected by at least one of the following three forms of poverty: income poverty, severe material deprivation and very low work intensity. Children are those under the age of 18

**Origin of the indicator:** EU Sustainable Development Goals indicator; European Pillar of Social Rights

**Source of data:** Eurostat (Eurostat online data code: sgd\_01\_10 and dataset ilc\_peps01 )

Baseline (2018)	Interim milestone (2022)	Target (2024)
Total population: 21.6%	decrease	decrease
Children: 23.4%	decrease	Decrease
<b>Indicator on simplification and burden reduction<sup>10</sup></b>		
N/A: not a law-making policy area.		

**Specific objective 3: Review and implement an economic and fiscal surveillance framework, to deliver conditions for sustainable economic growth**

**Result indicator 5: General government debt**

**Explanation:** This is the average level of debt to GDP, weighted by GDP, for the ten euro area countries with the highest level of debt. It is indicated as a percentage of GDP

**Origin of the indicator:** DG ECFIN

**Source of the data:** DG ECFIN based on Eurostat data: AMECO UDDG Indicator 18.1 (general government consolidated gross debt) divided by UVDG indicator 6.1 (GDP at current prices). Relevant data are from Eurostat (Eurostat online data code: sgd\_17\_40 based on gov\_10dd\_edpt1)

Baseline (2018)	Interim milestone (2022)	Target (2024)
106.8%	102%	100%
<b>Indicator on simplification and</b>		

<sup>10</sup> Applicable for law-making policy areas

**burden reduction<sup>11</sup>**

This is governed by six pieces of legislation and any decision on legislative change will result from the outcome of the review.

**Specific objective 4: A deeper and more resilient EMU in both the economic and financial dimensions**

Related to spending programme(s): [Insert]

**Result indicator 6: Composite indicators of financial integration**

**Explanation:** The composite integration indicator is a scale-free measure normalised to lie between 0 and 1, whereby 0 means no cross-border integration and 1 means full integration. For the price-based composite indicator, 1 would mean total absence of any price differentials in financial markets. For the quantity-based indicator, 1 would mean the lack of any home bias on the side of investors

**Origin of the indicator:** DG FISMA

**Source of data:** European Central Bank

<b>Baseline</b> (2014-19 average)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Price-based indicator: 0.5	Increase	Increase
Quantity-based indicator: 0.3	Increase	Increase
<b>Indicator on simplification and burden reduction<sup>12</sup></b>		

N/A: this is tied to the legislation under specific objective 3.

**General objective 1: A European Green Deal****Impact indicator 3: Climate mainstreaming in the European Union budget**

**Explanation:** Proportion of climate related spending (mainstreaming) in the EU budget

**Source of the data:** European Commission Draft Budget Reports

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
21%	25%	25%

<sup>11</sup> Applicable for law-making policy areas

<sup>12</sup> Applicable for law-making policy areas

<b>Specific objective 5: Mobilise around €300 billion of investment funding to finance green and digital transitions of the EU economy</b>		Related to spending programme(s): N/A
<b>Result indicator 1: Key performance indicators for InvestEU measured and reported annually: Investments mobilised</b>		
<b>Explanation:</b> Percentage of investments contributing to climate objectives (target of 30% measured annually) ; Jobs created and supported ; Contribution to the objective of 3% of the Union's GDP invested in research, development and innovation ; Number of enterprises supported by size		
<b>Source of data:</b> Commission, Implementing partners		
<b>Baseline</b> (2021)	<b>Interim milestone</b> (20XX) [please introduce an additional column if necessary]	<b>Target</b> (2027)
No baseline since it is the start of the activity	/	around EUR 300 billion
<b>Indicator on simplification and burden reduction<sup>13</sup></b>		
N/A: not a law-making policy area.		
<b>Result indicator 2: European Fund for Strategic Investments (EFSI) – Total investment under the Infrastructure and Innovation window and SME Window</b>		
<b>Explanation:</b> Volume of investment expected to be mobilised		
<b>Source of data:</b> [E.g. Eurostat, with link <sup>14</sup> ] : EIB KPI3 (as per EFSI Agreement) included in the KPI/KMI reporting; the total investment will be also part of the annual reports submitted by the EIB to the Commission, European Parliament and Council		
<b>Baseline</b> (2019)	<b>Interim milestone</b>	<b>Target</b> (2020)
Volume of investment expected to be mobilised at the end of 2019: EUR 458.4 billion or 92% of the end-2020 target of EUR 500 billion	N/A	Mobilise a total investment of EUR 500 billion by end 2020 as per the EFSI 2.0 Regulation (Preamble 7)
<b>Indicator on simplification and burden reduction<sup>15</sup></b>		
N/A: not a law-making policy area		

<sup>13</sup> Applicable for law-making policy areas

<sup>14</sup> Please follow the applicable guidelines on referencing statistical data: [Ares\(2019\)4092651](#).

<sup>15</sup> Applicable for law-making policy areas

## General objective 2: A Europe fit for the digital age

### Impact indicator 2: Aggregate score in the Digital Economy and Society Index (DESI)<sup>16</sup>

**Explanation:** DESI is a composite index that summarises relevant indicators on Europe's digital performance and tracks the evolution of EU Member States in digital competitiveness. Higher values indicate a better performance

**Source of the data:** [DESI](#)

**Methodology for calculating the indicator:** The DESI index is calculated as the weighted average of the five main DESI dimensions: 1 Connectivity (25%), 2 Human Capital (25%), 3 Use of Internet (15%), 4 Integration of Digital Technology (20%) and 5 Digital Public Services (15%)

Baseline (2019)	Interim milestone (2022)	Target (2024)
52.45	Increase	Increase

## General objective 4: A stronger Europe in the world

### Impact indicator 4: Readiness of enlargement countries on economic criteria

**Explanation:** This indicator aims at showing where the enlargement countries stand in terms of their preparations for meeting key areas of the two economic accession criteria, namely the existence of a functioning market economy and the capacity to cope with competitive pressures and market forces within the EU. It is given as an overall sum of enlargement countries. It is measured on a scale from 1 to 5.

**Source of the data:** European Commission

**Methodology for calculating the indicator:** In each of the areas, the state of play (i.e. the readiness) is assessed according to the following five-tier standard assessment scale:

1. Early stage
2. Some level of preparation
3. Moderately prepared
4. Good level of preparation
5. Well advanced

Baseline (2019)	Interim milestone (2022)	Target (2024)
2.64	Increase	Increase

<sup>16</sup> EU28 data. EU27 data not available

<b>Specific objective 6: Strengthen Europe’s role as a global player on economic issues global player on economic issues and increase the international role of the euro</b>	Related to spending programme(s): [Insert]
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**Result indicator 7: Promoting EU positions and interests, cooperation in the external field and coordinating EU positions in the G7, G20, IMF and EBRD**

**Explanation:** This indicator measures the efforts made to strengthen EU’s role in the world.

**Source of data:** European Commission

Success can be measured on the basis of a demonstrated effort to coordinate EU positions for G7 and G20 finance track meetings and EU positions on IMF and EBRD policy issues. In quantitative terms we indicate the number of common positions developed for Member States to agree upon on relevant issues.

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2021) [please introduce an additional column if necessary]	<b>Target</b> (2024)
[10]	[remain stable]	[remain stable]
<b>Indicator on simplification and burden reduction<sup>17</sup></b>		

N/A: not a law making policy area

**Result indicator 8: Countries benefiting from Macro-Financial Assistance (MFA) achieve a sustainable macro-economic situation with reduced Balance of Payments stress.**

**Explanation:** These indicators aim at showing where the countries benefiting from MFA stand in terms of macro-economic and balance of payments situation.

**Source of data: Origin of the indicator:** Existing scoreboard

**Source of the data:** National central banks, IMF

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Beneficiary countries' international reserves position at the start of the MFA programme	Increase	Maintain adequate level of foreign reserves broadly covering 3 months of imports and short-term foreign debt by the end of the programmes.

**Indicator on simplification and burden reduction<sup>18</sup>**

N/A

<sup>17</sup> Applicable for law-making policy areas

<sup>18</sup> Applicable for law-making policy areas

### D. Key performance indicators

DG ECFIN has selected the real GDP per capital growth rate and people at risk of poverty or social exclusion as its key performance indicators. Due to nature of DG ECFIN’s work, there are no indicators that are directly within its control and which are representative of a substantial part of its work. Nevertheless, the GDP growth was selected because it is measure of the ultimate essence of the work across the DG: raising living standards. However, in itself it does not show how widely any increase in living standards is shared. There are no indicators that can capture all the relevant dimensions of what constitutes progress in that regard. The selection of the people at risk of poverty recaptures the economic change for those who are economically most vulnerable, and so capture the social breadth of the change in living standards.

Key performance indicator 1: real GDP per capital growth		
<p><b>Explanation:</b> This indicator measures the annual percentage growth rate of gross domestic product (GDP) per capita based on constant local currency. GDP per capita is the GDP divided by the midyear population. GDP at purchaser’s prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources</p> <p><b>Source of the data:</b> Eurostat (Eurostat online data code: <a href="#">TEC00115</a>)</p>		
<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
1.5%	Increase	Increase
<p><b>Indicator on simplification and burden reduction<sup>19</sup></b></p> <p>N/A: not a law-making policy area.</p>		

<sup>19</sup> Applicable for law-making policy areas



**Key performance indicator 2: People at risk of poverty or social exclusion**

**Result indicator 4: : People at risk of poverty or social exclusion**

**Explanation:** The indicator shows the percentage of people affected by at least one of the following three forms of poverty: income poverty, severe material deprivation and very low work intensity. Children are those under the age of 18

**Origin of the indicator:** EU Sustainable Development Goals indicator; European Pillar of Social Rights

**Source of data:** Eurostat (Eurostat online data code: sdg\_01\_10 and dataset ilc\_peps01 )

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Total population: 21.6%	decrease	decrease
Children: 23.4%	decrease	Decrease
<b>Indicator on simplification and burden reduction<sup>20</sup></b>		
N/A: not a law-making policy area.		

<sup>20</sup> Applicable for law-making policy areas

## **PART 2. Modernising the administration**

DG ECFIN will strive to modernise its administration by improving its processes where necessary and implementing its objectives in the areas of Human resources, financial management, fraud risk management, digital transformation and information management, and environmental management.

As a modern public administration, the Commission implements an internal control framework inspired by the highest international standards. The Commission's system covers all the principles of internal control identified in the Committee of Sponsoring Organizations of the Treadway Commission 2013 Internal Control framework, including financial control, risk management, human resource management, communication and the safeguarding and protection of information. DG ECFIN has established an internal control system tailored to its particular characteristics and circumstances and regularly assesses its implementation and overall functioning. This assessment is based on indicators, the most strategic of which are listed in this section of the strategic plan.

Making sure that DG ECFIN will be able to efficiently, effectively, and economically support programmes funded by "Next Generation EU", that will help Member States to cope with the effects of the COVID-19 crisis, is an important element of the strategic plan.

### **A. Human resource management**

In order to ensure the effective management of human resources and to optimise the capacity to deliver on priorities in this strategic plan, DG ECFIN will develop a local HR strategy with a medium to long-term outlook (3–5 years) consistent with the overall corporate HR strategy.

Furthermore, DG ECFIN will make sure that the management of human resources will enable the development and implementation of the programmes funded by "Next Generation EU" that will help Member States to overcome the fallout of the COVID-19 crisis.

#### **Ensuring optimal use of resources through enhanced alignment and cooperation**

To ensure that DG ECFIN is fully equipped to deliver on its mission, emphasis will be placed on regularly reviewing the staff allocation and organisational structure, with a forward-looking perspective, to seek optimal alignment across the DG with DG ECFIN's political and operational priorities. In this respect, the HR policy will seek to facilitate true strategic resource planning across the DG, drawing upon key data to better inform resource (re)allocation decisions and priority-setting.

The policy environment is an evolving one. In order that DG ECFIN can respond to changes and react quickly and effectively, it must be able to anticipate needs and swiftly mobilise the resources and expertise of its staff. This means stepping up cooperation within and across Directorates, adopting a more flexible, project-oriented approach where required and identifying negative priorities, where necessary. This will be supported by a focus on

working methods and work processes, to ensure that DG ECFIN is in a position to adapt as efficiently as possible to evolving or new policy challenges.

### **Matching talent with business needs: supporting economic excellence**

For DG ECFIN to maintain its highly specialised workforce, it will continue to use specialist competitions as a means of recruiting qualified economists. It will examine ways of encouraging and supporting staff in their aspirations by seeking to define career paths, putting in place mentoring and job-shadowing schemes, and more systematically and proactively promoting individual career planning and reflection. To ensure that the DG draws upon all of its available talents, initiatives will be developed to identify and support colleagues with potential at all levels. Particular attention will be paid to identifying and supporting the development of women with management potential, with a view to increasing the representation of women in management, pre-management and AD level positions in accordance with centrally established targets and local needs. DG ECFIN will continue to implement a coherent and structured choice of local learning and development solutions to cover its specific needs, comprising both internal and external learning solutions.

### **Relevance and purpose as drivers for staff engagement**

Staff engagement is key to high organisational performance and engaged staff members are more likely to invest themselves fully not only in their individual tasks, but in supporting the goals and values of the organisation as a whole. DG ECFIN will therefore strive to maintain an engaged and motivated workforce, where colleagues are committed to contributing their talents fully to the successful functioning of the DG and its high quality output. DG ECFIN's HR BC and internal communication teams will continue to work together to examine new ways of engaging staff and management. Participatory methods will be used to promote open discussion and to gather input from staff and managers, with a view to designing initiatives to keep improving DG ECFIN as a place to work. The results of Commission Staff Surveys will be analysed and actions defined to follow-up on identified needs. Finally, DG ECFIN will continue to promote the highest levels of ethical behaviour and integrity as core organisational values and will continue initiatives to raise awareness among staff in this regard.

Objective: DG ECFIN employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business

**Indicator 1: Number and percentage of first female appointments to middle management positions**

**Source of data:** Commission Decision SEC(2020)146 of 1 April 2020

<b>Baseline (female representation in middle management)</b> (1 December 2019)	<b>Target</b> (2022 <sup>21</sup> )
23% (8 out of 35)	3 first female appointments to middle management positions

**Indicator 2: DG ECFIN staff engagement index**

**Source of data:** Commission staff survey

<b>Baseline</b> (2018)	<b>Target</b> (2024)
72%	80%

## B. Sound financial management

DG ECFIN manages direct and indirect management types of operations. Each has its own specificity and various control systems and forms of assurance to ensure the legality and regularity of its financial transactions are applied.

The Authorising Officer by Delegation has reasonable assurance that resources have been used in accordance 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 including prevention, detection, correction and follow-up of fraud and irregularities. A very low error rate remains a strategic objective for DG ECFIN;

The priority actions put in place to continue to achieve these objectives are: effective and efficient internal control systems and ex-ante financial and operational controls, clear procedures, effective and efficient financial circuits, ex-post controls performed on a risk-based approach complemented by third party assurance.

DG ECFIN will continue to endeavour in the period 2020 -2024 to best support its policy priorities through targeted controls to minimise risk. This will include new specific

<sup>21</sup> The target will be revised and extended for the period 2023-2024 by January 2023.

operations that will be implemented notably under programmes funded by “Next Generation EU” to support Member States to recover from the crisis caused by the Covid-19 pandemic. DG ECFIN in collaboration with DG BUDG will define the financial rules to manage these new programmes in accordance with high standards for financial management and will set up an adequate financial circuit and a robust system of control and monitoring.

**Objective:** The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions

**Indicator [mandatory]: Estimated risk at closure**

**Source of data:**  
AAR 2019

<b>Baseline</b> (2019)	<b>Target</b> (2024)
Between 0% and 2% according to the type of transaction and the management mode (€0 to 0.82 M for 2019 expenditure)	< 2% of relevant expenditure

### C. Fraud risk management

DG ECFIN's 2021-2024 Anti-Fraud Strategy will take account of the adopted 2019 Commission Anti-Fraud Strategy<sup>22</sup> to **contribute to the common objective**. Priority actions to focus on over the next five years will in particular relate to the CAFS objectives coordination, cooperation and processes, particularly with Commission services and executive agencies (meaning the EIB for ECFIN), as well as on integrity and compliance to ensure that ECFIN policy-makers and staff members comply with the highest standards of professional ethics. The **local strategy** developed will take account of DG ECFIN services' specific needs, notably that the implementation of a substantial part of DG ECFIN policy makes use of international financial institutions (IFIs). Moreover, DG ECFIN will adapt its anti-fraud strategy to include the necessary measures for the programmes funded by “Next Generation EU”. Our local anti-fraud strategy will include local awareness campaigns and monitoring provisions in respect of IFI's anti-fraud strategies; our strategy will be updated during the planning period in case of substantial policy changes.

<sup>22</sup> [https://ec.europa.eu/anti-fraud/sites/antifraud/files/2019\\_commission\\_anti\\_fraud\\_strategy\\_en.pdf](https://ec.europa.eu/anti-fraud/sites/antifraud/files/2019_commission_anti_fraud_strategy_en.pdf).

**Focus box:** Control of Recovery and Resilience Facility (RRF)

DG ECFIN will put considerable efforts into protecting the EU budget and Next Generation EU against irregularities such as fraud, corruption or conflict of interest, in particular regarding the repayable and non-repayable support provided under the Recovery and Resilience Facility (RRF). The RRF requires a control framework that is tailored to its unique nature as an EU performance-based spending programme, whereby the main focus of the control will be on the achievement of the milestones and targets.

The control framework will be based on well designed recovery plans, ex-ante controls of the payment claims and ex-post controls after the disbursements. The effective control for RRF will require a good cooperation with the Member States, who will themselves apply their national control frameworks to the management of the received support. The effective implementation by the Member States of such control frameworks will provide the Commission with the necessary assurance on the proper use of EU funds under the RRF and, where necessary, enable it to carry out the necessary controls or audits, as well as to make recoveries in case serious irregularities have not been corrected by the Member States themselves. DG ECFIN's HR strategy will reflect the resources needs generated by the controls necessary for RRF.

DG ECFIN's current anti-fraud strategy dates from January 2014, is based on a methodology developed by OLAF at the time. It was last updated in October 2017 and will be replaced by our 2021-2024 Anti-Fraud Strategy described briefly above. The strategy is accompanied by a concrete action plan whose one-off actions are now all implemented.

**Objective:** The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy<sup>23</sup> aimed at the prevention, detection and correction<sup>24</sup> of fraud

**Indicator [mandatory]:** Implementation of the actions included in DG ECFIN's anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)

**Source of data:** DG ECFIN's annual activity report, DG ECFIN's anti-fraud strategy, OLAF reporting

Baseline (2017)	Interim milestone (2021)	Target (2024)
DG ECFIN AFS 2017-2020	Priority to offer to staff directly involved in the management of the Next-Generation EU programmes anti-fraud awareness raising training	Anti Fraud awareness raising training to all ECFIN staff involved in the management of the Next Generation EU programmes.
DG ECFIN AFS 2017-2020 adopted October 2017	AFS 2021-2024 adopted by December 2020	Update of the AFS by the end of the running period of the current version and implement 100% of action points in time

## D. Digital transformation and information management

The DG ECFIN contribution to the European Commission Digital Strategy will be developed around three axes:

- Over the years 2020-24 DG ECFIN will integrate concerns relating to the post- COVID-19 recovery, the environment and climate, digitalisation and the geopolitical position of the Union. To achieve this DG ECFIN needs new online solutions to include DGs, Member States and other stakeholders in discussions on a variety of topics. This requires not so much new IT developments but rather the introduction of new solutions: innovative collaboration platforms such as Office 365 or Microsoft Teams for project-related and day-to-day teamwork (co-drafting and revision of documents, sharing of planning information, etc...); the introduction of advanced IT tools to share easily up to date DG ECFIN economic data sets with all stakeholders; replacing paper by electronic documents in the office, in meetings and at home; the increased, if not systematic, use of desktop videoconferencing both for internal meetings and meetings with external stakeholders, today's new normal.

<sup>23</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

<sup>24</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

This initiative would mostly contribute to the following principles of the EC Digital Strategy: ECDS1.1-Digital by default, ECDS4.1-Interoperability, ECDS5.1-User Centric.

- Investment is central to the economic policy challenges of our time. This is all the more true given the devastating consequences of the COVID-19 pandemic. With the size of the funding, it is essential that adequate IT support is provided. In particular for the InvestEU programme (Investment Committee lasting until 2027 and approximately 40 billion euro to be used until 2048) it is essential to design a specific IT framework (“the InvestEU Management Information System”) for the Commission departments to have access to the information needed. Some modules should be ready beginning 2021 but the development is expected to last until 2023. The platform will avoid the same data being inputted several times and help provide a uniform view for different services. [ECDS1.2 – Once-Only, ECDS.5.1 – User Centric] Offering a one stop shop where the information can be accessed will bring more consistency by offering a “single information truth”. [ECDS.3.1 – Openness] The project will promote knowledge sharing by making the data available globally inside the Commission. [ECDS.4.2 – Cross Border] Decision-making will be improved, as well as transparency. [ECDS.3.2 – Transparency]

- A large part of the work undertaken in DG ECFIN stems from the treaty provisions on policy coordination, surveillance of budgetary deficits, fiscal and economic imbalance etc... Over the years, DG ECFIN has developed various information systems to ease its daily work. DG ECFIN will modernise its portfolio: This includes technical modernisation like a single user interface, an increase of security, but also the development of a data strategy in line with the Commission strategy on data, information and knowledge management. The transformation process includes the idea to publish data and metadata in a uniform manner, which requires also to maintain a view of all DG ECFIN data, reference data and metadata. Open-source solutions like Python are privileged in the context of DG ECFIN that manipulates lot of time series and migrating to reusable components like eUI, EU Access and Compass Corporate is amongst the objectives. This modernisation contributes to the EC Digital Strategy principles: ECDS.2.1 – Security, ECDS.3.2 – Transparency, ECDS.4.1 – Interoperability, ECDS.5.1 – User Centric, ECDS5.2 – Data Driven, ECDS.5.3 – Agile.

In parallel and in line with the Commission strategy on data, information and knowledge management as implemented by its work programmes, DG ECFIN is enthusiastically trying to widen as far as possible country knowledge both within the DG and with the rest of the Commission. It is investing in a variety of ways to do this. One important example is DG ECFIN’s active participation in the Commission-wide country teams set up to work on the European Semester. Another example is the way that DG ECFIN has enthusiastically grasped the digital opportunities available now for dismantling silos, such as the use of Connected to share documents, guidance and insights as well as the digital spaces devoted to country-specific knowledge. One concrete example of an innovation that DG ECFIN has made in this area is the so-called “cheat sheet” providing guidance, thematic notes and other relevant information to colleagues working on country desks in order to be able to work on the European Semester as effectively as possible. Such innovations will be reviewed periodically in order to spot useful refinements and there will be a general effort to identify other innovations that could potentially improve the efficiency and content of European Semester work.



Furthermore, DG ECFIN will contribute to the delivery of the DataStrategy@EC and its implementing actions related to the Commission's Data Governance and Data Policies, the Data Catalogue and other corresponding actions. DG ECFIN will also actively address the demands for documenting and improving the quality of its data production, in particular those data included in the Commission's inventory of 'Other Statistics' or otherwise falling under the remit of Eurostat's forthcoming "Reference Quality Framework for Other Statistics"

DG ECFIN is determined to be at the forefront of Commission efforts to achieve data protection compliance by increasing the awareness of its staff to data protection requirements and the associated processes as a priority action. Having the right tools is essential. To that end, DG ECFIN will work to implement the Action plan (C(2018) 7432 final) that the Commission adopted in November 2018 to ensure that all its departments and services comply with the new obligations on data protection, applicable with the new Regulation (EU) 1725/2018.

- ☒ Newcomers will be informed systematically about the Commission's policy and tools on data protection and a specific introductory data protection training will be offered to them.
- ☒ All staff, and in particular managers, will be and actively encouraged to take part in general data protection information sessions, which will be offered during the annual DG ECFIN Summer School or on other occasions.
- ☒ Roadshows by the Resources directorate (responsible for data protection in DG ECFIN) to inform other ECFIN directorates about its activities including data protection will continue when normal working resumes; evidently, data protection will be raised at these roadshows.

**Objective:** DG ECFIN is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

**Indicator 1: Degree of implementation of the digital strategy principles by the most important IT solutions<sup>25</sup>**

**Source of data:** DG ECFIN's annual activity report and DG ECFIN's IT Steering committee minutes.

<b>Baseline</b> (2018)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Invest EU 0% FDMS 5% FASTOP 9%	InvestEU 55% FDMS 50% FASTOP 45%	InvestEU 82% FDMS 80% FASTOP 77%

**Indicator 2 [mandatory]: Percentage of DG ECFIN's key data assets<sup>26</sup> for which corporate principles for data governance<sup>27</sup> have been implemented**

**Source of data:** [each service]

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
10%	50%	80%

<sup>25</sup> The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year.

<sup>26</sup> A key data asset is defined as any entity that comprises a source of data based on projects or administrative processes, structured or semi-structured in an information system, a database or a repository of data or corpora of text. A data asset can include multiple datasets or files somehow linked, e.g. by common codes or metadata. Commission key data assets have been documented in the data inventory Ares(2019)2586155.

<sup>27</sup> This indicator follows up on the progress of services in implementing corporate data governance and data policies for their key data assets included in the EC data inventory. See [Ares\(2019\)4441343](#) in the context of the [DataStrategy@EC action plan](#). In summary, this means that for each key data asset, services should assess if the following principles have been respected:

- Identify and designate the data owner and the data steward(s).
- Instruct their data stewards to share the metadata of their data assets in the Commission's data catalogue and to keep them up to date.
- Design and document processes for data collection/creation, acquisition, access, sharing, use, processing preservation, deletion, quality, protection and security. Information concerning these processes should be made available to anyone interested, as long as any confidentiality restrictions are respected.
- Make any necessary changes and updates to the IT systems used for storing, managing and disseminating these data assets to implement the aforementioned requirements and processes.

A data governance hub will shortly offer a single point of access on the intranet for related guidance and information. It will be complemented by further practical guidance in the course of 2020.

**Indicator 3 [mandatory]: Percentage of staff attending awareness raising activities on data protection compliance**

**Source of data:**

<b>Baseline</b>	<b>Interim milestone</b>	<b>Target</b>
(2018)	(2021)	(2024)
10% [minimum estimate based on awareness-raising tour of directorates by DG ECFIN's Resources Directorate]	50%	100% of staff

## E. Sound environmental management

The European Commission's Eco-Management and Audit Scheme (EMAS) serves as the main umbrella framework for implementation of all activities aiming to reduce the institution's impact on the climate and the environment. Notwithstanding that DG HR as the lead department manages the framework, each entity is instrumental in its contribution to the overall performance of the institution. DG ECFIN will therefore promote the EMAS corporate campaigns at local level and identify local environmental actions in order to support the Commission's commitment to implement the objectives of the Green Deal for its own administration, including becoming climate neutral by 2030. To that end, and once we are once again working in our building, we will create a team of volunteers to promote green activities – the ECFIN Green Team; they will be tasked with brainstorming on initiatives and useful metrics to monitor our green performance.

Being in a rapidly evolving policy environment, DG ECFIN will ensure that staff is aware of the importance of different facets of the green policies. To that end, special emphasis will be placed on promoting staff awareness on sustainable commuting in order to facilitate cutting the greenhouse gas emissions and to promote physical and mental wellbeing. Awareness raising campaigns will be organized to promote optimal energy use, both in the office and at home, as well as activities focused on proper waste management and sorting. The ECFIN Green Team will be central to this.

Finally, the cooperation across Directorates will be further streamlined in order to ensure efficient communication between staff and detecting the ones with real enthusiasm for green activities and volunteering in future awareness raising actions. Every effort will be made to ensure that the ECFIN Green Team is composed of volunteers from across the Directorates.

## Abbreviations

CSRs	Country specific recommendations
EARs	Euro area recommendations
EBRD:	European Bank for Reconstruction and Development
EFC:	Economic and Financial Committee
EFSI:	European Fund for Strategic Instruments
EIB Group :	European Investment Bank Group
EPC:	Economic Policy Committee
ESM:	European Stability Mechanism
EU:	European Union
EWG	Eurogroup Working Group
IMF:	International Monetary Fund
IPE:	Investment Plan for Europe
MFA:	Macro-Financial Assistance
RRF:	Recovery and Resilience Facility
SMEs:	Small and Medium Enterprises
SURE:	Support to mitigate Unemployment Risks in an Emergency
SWD:	Staff working document
WB Group:	World Bank Group