



Management Plan 2021

DG BUDGET

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INTRODUCTION

In the past year, the Commission has set about laying the foundations for the systemic change Europe needs, even more so now that all our economies are deeply affected by a global health crisis. The Directorate General for Budget (DG BUDG) composed of 6 departments and 550 staff members, based in Brussels and Luxembourg, was a major actor in making all EU funds available for the urgent and unprecedented action Europe took to protect lives and livelihoods, and to support the European economy.

In December 2020 the European Parliament and the Member States agreed on the 2021-2027 long-term budget and NextGenerationEU that will bestow Europe with the means to kick-start the economy and to invest in a greener, more digital and resilient Europe. The mission of DG BUDG in 2021 will be to turn this agreement into a reality and ensure that every cent of taxpayers' money is used to the advantage of European citizens and companies – and in particular in the interest of the next generation. In doing so, DG BUDG will continue to act as the EU's financial operational arm vis-à-vis the rest of the Commission's services and also external stakeholders, in particular the markets and Member States. In this role, DG BUDG will lead, as a center of excellence and expertise, in areas such as budget planning (including revenue) and implementation, forecasting and financial reporting, accounting and treasury, borrowing and lending, management of assets and budget guarantees, financial rules definition and enforcement as well as internal control. On the revenue side DG BUDG will ensure the effective collection of "Own Resources" and support the reinforcement of customs controls to deter fraud. By being proactive and policy driven, DG BUDG will enhance cooperation and coordination with Commission services, other Institutions and EU entities, the Member States and other implementing partners. DG BUDG will endeavour also to ensure that the EU budget generates the highest added value possible, that it is duly protected from fraud and various risks related e.g. to the compliance with the Rule of Law and conflict of interest rules, that any unduly paid amounts are effectively recovered and finally, that the European Commission is granted a discharge on the management of the EU budget by the Budgetary Authority.

The present management plan outlines the operational outputs that will shape DG BUDG's work during 2021. It builds on the structure of DG BUDG's strategic plan 2021-2024 organised around the three general objectives of the von der Leyen Commission *(i) an economy that works for people; (ii) promoting our European way of life; and (iii) a modern, high performing, sustainable Commission* translated into seven specific objectives:

- Design, negotiate and manage EU budget expenditure and revenue, including the borrowing and lending activity;
- Develop policy-relevant knowledge, performance and financial intelligence;
- Enhance agility of the budget;
- Ensure that the amounts allocated from the EU budget are invested for the intended purpose paving the way to the discharge;

- Strengthen the protection of the EU budget;
- Promote a strong enforcement culture to protect the EU budget;
- Act as a center of excellence and trustful partner for Commission services, other institutions and EU entities, Member States and beneficiaries regarding financial governance, accounting, treasury, financial corporate IT systems, financial risks and management of debt, assets as well as contingent liabilities.

Although at the time of writing this plan the effects of the Corona crisis are yet to fully unfold, it is clear that there will be major and far reaching implications for the EU and its policies. DG BUDG will advise the College on the related budgetary implications and adapt its activities where required.

The Management plan is organised in two parts:

Part 1 - “Delivering on the Commission’s priorities” - describes main policy ambitions and deliverables supported by external and internal communication actions. The related performance indicators and targets are presented in the annex.

Part 2 - “Modernising the administration” - focusses on organisational aspects and describes the various steps that will be taken to modernise the way we work together, covering gender equality, digitalisation, collaborative working, sustainability and how we make the most efficient and effective use of the resources at our disposal.

PART 1. Delivering on the Commission's priorities: main outputs for the year

Through its many roles and activities, DG BUDG contributes directly or indirectly to all Commission priorities. The direct contribution is concentrated on three general objectives as outlined below.

General Objective 3: AN ECONOMY THAT WORKS FOR PEOPLE

3.1. Design, negotiate and manage EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods

Framework for the implementation of the next long-term EU budget and the Next Generation EU

The main challenge of 2021 will be the smooth launching of the implementation of the next long-term EU budget and of the Next Generation EU (NGEU). DG BUDG together with SG will ensure close coordination across the Commission to guarantee the overall coherence and the quality of the operational legal acts (e.g. implementing/delegated acts, Council implementing decisions, national plans, operational arrangements, financing agreements including a loan agreement where relevant, contracts) necessary for the new programmes to kick-off swiftly.

Many spending programmes will make important contributions to the economic recovery and the twin transition towards a green and digital economy. When addressing investment shortfalls in these areas, DG BUDG will ensure that the agreed climate, environmental and digital targets are adequately monitored and reported, and that its borrowing and lending activities favour assets with a proven environmental, social and governance footprint. The funds necessary for the implementation of NGEU will be largely mobilised by the Commission through bond issuances on behalf of the EU. Given the amounts at stake, which are on par with those issued on bond markets by the largest Member States, and bearing in mind that bond issuance will be heavily concentrated in the years 2021-2023, an appropriate **funding strategy under NGEU** will have to be defined.

As bond issuance will be triggered by the requests for funds and requests for payments expressed under the Recovery and Resilience Facility and other NGEU funded programmes, a careful and reliable planning of the latter will have to be put in place. This will allow a funding plan to be devised that will be compatible with investors' expectations and market constraints, in order to ensure a successful placement of the EU bonds issued and a timely funding of the expressed calls for funds. This funding plan will be prepared in advance of the activation of the NGEU borrowing empowerment so as to allow the optimal management of NGEU borrowing and lending operations.

In that respect, a **new forecasting tool**, operational from March 2021 onwards, will address the increased forecasting needs in terms of granularity and timing due to the additional complexity stemming from borrowing activities.

In order to deliver on the President's declaration that 30% of NGEU proceeds should be mobilised through the issuance of green bonds, DG BUDG will contribute to the development of an appropriate **green bond framework** for NGEU issuances, focussing on the Recovery and Resilience Facility as the main programme under NGEU.

The green bond framework will be based on accepted market standards and in line with International Capital Market Association green bond principles. As green bonds are issued with an obligation to use the proceeds for certain types of "green" expenditure, it is necessary to identify eligible expenditure, allocate green bond proceeds to them and identify spending amounts on selected expenditures, to track in a standardized way how the proceeds are spent by the Member States and report to investors accordingly. DG BUDG will work with other Commission services to establish a robust and credible NGEU green bond framework, based on solid documentation of "use of proceeds" and reporting processes to be implemented as part of the NGEU funding strategy.

Launching the Recovery and Resilience Facility

The full operationalisation of the **Recovery and Resilience Facility** requires several steps with the involvement of DG BUDG. By end-April 2021, Member States will submit national recovery and resilience plans (RRPs), which contain information about the planned investments and reforms to be implemented over the next 6 years. The RRP's need to be assessed and approved. The approved national plans will be enshrined in a Council Implementing Decision. An operational arrangement will further illustrate some elements of that Decision and a financing agreement will set up the obligations of the Member State as regards the protection of the EU financial interests.

DG BUDG will continue participating in the country teams set up by SG RECOVER / DG ECFIN for this purpose and focus in particular on the control aspects and performance issues. It will help to assess both the adequacy of management and control systems foreseen by the Member States and the robustness of the milestones and targets intended to measure the advancement in the implementation of reforms and investments. DG BUDG will also prepare the model financing agreement to be signed by the Commission and the Member States giving the necessary legal frame to the implementation of the RRP's.

Adapting the revenue side of the EU budget

The borrowing activities will require the adoption of the **Own Resources legislative package**¹ that gives the Commission a temporary, exceptional and one-off empowerment to borrow funds to finance the economic recovery. The Own Resources package will also support the repayment of the borrowing (both principal and interest).

Pending the ratification process by the national parliaments, DG BUDG will start to prepare for the implementation of the roadmap agreed by the three Institutions for the introduction of additional new own resources.

In line with the President's Political Guidelines, DG BUDG will propose a **carbon border adjustment mechanism (CBAM)** to help motivate foreign producers and EU importers to reduce their carbon emissions, while ensuring a level-playing field conducive to trade in a WTO-compatible way. CBAM together with the proposal for a new **own resource based on the Emissions Trading System (ETS)**² will be part of the "Fit for 55 package" contributing to the Commission's European Green Deal priority.

Under Commission priority 'a Europe Fit for the Digital Age', DG BUDG will propose a **digital levy as an own resource** to uphold fairness in the digital world.

These three new own resources proposals, expected in the first half of 2021, will help further align the way the EU budget is financed with its expenditures, by supporting EU priorities and policies linked to the internal market, climate mitigation and creating a global level playing field. They will also help to repay the borrowing and the interest rate under Next Generation EU while enabling to kick-start the European economy.

Translating the long-term budget into the annual budgets

As manager of the EU budget, DG BUDG plays a key role in the optimal allocation of financial and human resources necessary for the implementation of the political priorities of the Commission. One of the core responsibilities of DG BUDG is to ensure the proper functioning of the **annual budgetary procedure** through: (i) preparing the proposal, (ii) facilitating agreement and the adoption of the draft budget; and (ii) following-up on budget

¹ It includes the amended Own Resources Decision (including the key agreements on VAT simplification, the introduction of the plastic-based Own Resource; and the authorisation to borrow for NextGenerationEU including the higher ceilings), and the implementing legislation (IMSOR, Making Available Regulation on plastics (MAR2) and the amended VAT-OR Regulation 1553/89. The Own Resources Decision requires unanimity in the Council and ratification by Member States.

² In the context of the review of the ETS directive

implementation including any necessary amendments of the budget to incorporate new priorities.

The start of the implementation of the 2021 budget, the first one of the new long-term budget, will be challenging as the new legal bases of spending programmes will progressively enter into force.

Preparation of the 2022 budget will be based on a stable legal framework and on the financial programming (to be prepared in January after the adoption of the 2021 budget) and the relevant technical adjustments, including to operationalise the agreed mechanism taking as a reference competition fines. Thus, effectively translating the MFF agreement for

Budgetary aspects in the new relations with the UK

Finally, DG BUDG will continue contributing to the negotiations of the **EU's future new partnership with the UK** and the implementation of the UK Withdrawal Agreement.

*3.2. Develop **policy-relevant knowledge, performance and financial intelligence** in order to optimize the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes*

Domain leadership

DG BUDG will gradually expand its work in the area of **efficient budgetary governance** and budget implementation by all Commission services, guiding to ensure consistency, performance, sound budgetary management, avoid duplication and preserve cost-efficient control systems. Whenever required, it will provide additional guidance in areas of horizontal importance for efficient and effective implementation of the spending programmes (for more on domain leadership see also General objective 7).

DG BUDG will continue to maintain the **Better Spending Network with the Member States** to gather and share information on topics linked to the correct implementation and protection of any public spending (e.g. Internal Control systems, Rule of Law, conflict of interests, fight against fraud and corruption). Building on the experience in assisting SG RECOVER and DG ECFIN in the assessment of recovery and resilience plans submitted by the Member States it will further develop its country knowledge platform.

Measuring the performance of the EU budget

The assessment of whether and to what extent the EU budgetary programmes achieve their objectives on the ground, will become increasingly important under the new long-term EU budget and NGEU. The start of the next long-term budget provides the opportunity to set out the performance framework for the 2021-2027 MFF that strengthens the capacity of the Commission to produce high-quality information on the performance of the EU budget, and to provide a political/strategic framework for future work. DG BUDG along with

the SG will continue developing a strong performance culture, and a shared understanding with main stakeholders on the performance of the EU budget. In this context, DG BUDG will present a **Communication on the EU budget performance framework 2021-2027**.

As every year, an in-depth **analysis of the performance of the spending programmes** will be carried out in the context of the preparation of the draft budget 2022 and the Annual Management and Performance Report 2020, with a specific focus on EU added value. Subsequently, this performance assessment will progressively feed into the resource allocations in future budgets, to ensure that EU funds continue to be spent in the most efficient and effective manner. Performance reporting and adequate communication on achievements will be a key element in achieving this objective, with 'Programme Statements' and the 'Programme Performance Overview' as main deliverables. These reports will also outline the transition between the two MFFs and integrate the performance framework of the programmes financed under the NGEU.

Assessing the impact of the EU funds on the ground

More broadly, enhanced modelling capabilities will provide quantified assessment of the socio-economic impact of EU funds. Such analysis will address long-term budget impacts both at the expenditure (e.g. in terms of investments mobilised) and revenue sides (implications for national budgets), and the overall relation with economic indicators.

Finally, the launch of the new generation of programmes will provide an opportunity for reviewing and finetuning the tracking methodology for each of the strands of **policy mainstreaming** (climate, biodiversity, digital, gender, SDGs). This will include an in-depth and detailed tracking for climate as from the start of the new MFF, with biodiversity and gender to be phased in during the period, as well as broader policy tracking on the basis of the Sustainable Development Goals to be developed during the next MFF. Tracking outside of these key priorities will be limited to specific sectorial bases where relevant, such as Digital in the RRF. It will cover also the COVID-19 related spending. In general, DG BUDG will continue to collect in a flexible, consistent and coherent way the information required to generate reports on thematic funding.

3.3. Enhance agility of the budget by strategic planning and foresight, harmonized asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom.

Optimal use of resources within the available framework

DG BUDG will work to prepare for new financial challenges which will inevitably emerge in the year ahead, and which the Commission must be ready to anticipate and respond to. The EU budget's room for manoeuvre to react to unforeseen circumstances is constrained by the size of the unallocated margins under the MFF ceilings and the special instruments defined in the MFF regulation. DG BUDG's role is to ensure optimal use of these limited resources through careful forecasting of the expected implementation.

The management of the long-term EU budget and NGEU must be supported by adequate **planning and strategic foresight** with the long-term forecasts of revenue and expenditure, including for the first time those related to Next Generation EU³, allowing for analysis and prioritisation among competing, emerging demands. While the Annual Monitoring and Forecast of Budget Implementation Report help to ensure the efficient implementation of the annual budget under the multiannual framework, the spring Advisory Committee on Own Resources (ACOR) forecast is the basis of the calculation of the Own Resources.

2021 forecasts will pose a number of challenges for forecasting the economic impact of the COVID-19 crisis as well as the UK's future participation in various programmes in line with the Withdrawal Agreement.

DG BUDG's role will be strengthened in mobilising additional resources for the Union budget through borrowing and lending activities, and projecting its policy impact through carefully managed use of leverage (via budgetary guarantees) in addition to its traditional role as caretaker for the assets owned by the EU budget. DG BUDG will ensure a **prudent management of the headroom** so that at any point in time the headroom is sufficient to cover all contingent liabilities falling due in the same year with regards to the Own Resources Decision in force.

As of 2021, the Commission will, under the Financial Regulation, provide alongside the draft budget a **report on the sustainability of the Union contingent liabilities**. Taking into consideration the long-term forecast, this report will include an analysis of the forecast of the liabilities and their compatibility with the ceilings of the MFF and the Own Resources Decision.

Efficient asset and risk management of the EU budget guarantees, debt issuance and loan administration

DG BUDG will play a key role in financing the Union's budgetary support for the Union Recovery Plan through a scaling-up of current borrowing and lending operations for the SURE instrument and to finance policies under the Recovery Plan. In that respect, DG BUDG will work on 3 strategic axes in the course of 2021:

(i) Borrowing and lending:

Managing large volumes of issuance – to ensure good market take-up on the most favourable conditions at the maturities consistent with budgetary and Member States needs – will require the development of sophisticated debt management capacity, comparable with those implemented by large sovereign issuers.

³ Art.247.1(c) of the Financial Regulation.

Under the new Own Resources Decision, the Commission will be mandated to implement centralised borrowing for EUR 750 billion, mostly via issuance of bonds during the first year of the next MFF implementation. The proceeds from this borrowing will be used to provide different types of support under a number of spending programmes with a view to address the impact of the COVID-19 pandemic. DG BUDG will ensure that the significant amounts involved are accounted for in line with International Public Sector Accounting Standards, followed up and presented in a clear and meaningful way to stakeholders and also within the Annual Accounts.

DG BUDG will implement the **liquidity management solution** enabling smooth financial flows between borrowing and disbursement of loans and non-repayable support to MS. The implemented solution will encompass requirements posed by operational efficiency, principles of sound financial management and internal control including segregation of duties of financial actors. The liquidity management solution will be based on the new EC-wide forecasting tool mentioned before.

Considering the very large amounts to be raised through bond issuance within a relatively limited time period, the required large size of bond transactions and the very steady pace of issuance will be challenging in particular in terms of market absorption. Therefore, in order to tackle the risk of insufficient institutional investor demand and failed transactions, the current traditional investor base of the EU as an issuer will have to be broadened with a view to reach all potential sources of funding and ensure the stability of financing of lending activities under Next Generation EU. Furthermore, **exchange of information with peer issuers on planned bond issuances** will become regular in order to avoid competing transactions on the bond market. The relationship with the strongest banks active in the debt capital market usually managing syndicated EU bond issuances will have to be cultivated. Moreover, in the context of the new funding tools and techniques that will be put in place to implement the necessary diversified funding strategy under Next Generation EU, relationships with other banks suitable for providing funding under these other borrowing tools will have to be developed.

A **structured dialogue will be established with the Member States** to inform them regularly of the implementation of the programme and the planned disbursements and corresponding borrowings. From a more operational point of view, this will also involve regular contacts and exchanges of views with the debt management offices of the Member States given their responsibility in the management of the central treasury of the state.

Following the very positive outcome of the first bond issuances, which met with great success with investors all around the world, DG BUDG will continue the smooth implementation of borrowing and lending activities under the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE⁴). Taking into

⁴ Council regulation (EU) 2020/672 of 19 May 2020

account the amounts already raised in 2020 and the remaining financing needs, in 2021 the Commission will borrow additional EUR 50 billion in capital markets to grant EU loans to affected Member States to finance employment support.

(ii) Management of budgetary guarantees:

Following the adoption of the Commission Decision to establish a Steering Committee on Budgetary Guarantees, a clear governance framework now exists for the development and implementation of the **corporate risk management and reporting framework** that will be needed to inform key stakeholders, including the European Parliament and the Council, on the sustainability of the budgetary guarantee systems during 2021.

Throughout 2020, the Commission services have been developing a corporate framework for the management of those risks and for public reporting on them. In 2021, DG BUDG will consolidate this work and publish a complete set of reports on financial instruments and budgetary guarantees (see section 5.1 below).

The basic parameters of the budgetary guarantees on InvestEU and NDICI will be largely established. It is important to ensure the robust construction of the investment portfolios supported by these guarantees in order to avoid losses that exceed the budget's capacity to absorb them.

DG BUDG will implement the credit risk model and use it to generate estimates of expected losses. The framework will be presented to implementing partners.

(iii) Management of the assets of the Common Provisioning Fund (CPF)

The CPF, with a maximum estimated size of around 30 billion EUR over the 2021-27 MFF, will become the critical capital buffer for the system of EU budgetary guarantees. The sound and successful management of a portfolio of this size assumes a strategic importance for the stability of the EU budgetary architecture, notably the large volumes of liabilities incurred through budgetary guarantees. By grouping the EU guarantee funds under the CPF, DG BUDG will strongly support the objective of **budget agility through strategic oversight and harmonized asset management**, ensuring that the assets are fully synchronised with the liabilities stemming from budgetary guarantees and provisioned loan programmes.

The implementation of an **investing policy based on Environmental, Social and Governance** (ESG) principles within the CPF portfolio management framework, promoting the Commission's sustainable finance initiative will also be initiated in 2021. In practice, it will consist of bond investments for CPF complying with the ESG policy defined into the CPF Asset Management Guidelines.

In 2021, the legacy guarantee funds (the European Fund for Strategic Investments (EFSI), the European Fund for Sustainable Development (EFSD) and the Guarantee Fund for External Actions (GFEA) will be transferred into the CPF. The CPF investment strategy will be

progressively aligned on CPF's benchmark (i.e. indicative asset allocation for long term investment guidance) and on CPF's Tactical Asset Allocation.

STRATEGIC COMMUNICATION

The next long-term budget and NextGenerationEU will provide multiple opportunities for citizens and it is important to raise awareness about them, also passing the overall message that the EU is here and delivering for its citizens. In the next months and years, there will be a huge interest towards the topic of how to receive EU money. DG BUDG will address this interest by actively engaging with stakeholders, multipliers, press on the ground and the general audience. A targeted outreach campaign through social media will be organised and touch upon the climate and digital transitions. A revamped MFF web presence will provide basic information about access to EU funding redirecting users to the more specialised platforms such as SEDIA for calls for proposals or TED for calls for tender. It will also ensure harmonized presentation of the information on all EU programmes, funding opportunities they provide and their performance giving better insight on the added value of the EU budget.

Under general objective 3 and 5, DG BUDG will continue supporting corporate communication activities and reinforcing the central message of the recovery campaign focused on health, green and digital transition. It will also implement strategic communication supporting borrowing and lending activities including a monthly newsletter, specialised outreach and web pages dedicated to investors.

Specific action will be foreseen for communication towards EU institutions and Member States, especially when it comes to the most politically sensitive policy proposals (e.g. new own resources, draft budget, budget performance, minstreaming and expenditure tracking).

DG BUDG will implement outreach towards the European Parliament and Council Presidencies, in order to try to shape the debate with these institutions in relation to the EU budget.

DG BUDG will also target multipliers – such as Commissioners, other DGs, Commission representations and EU institutions, journalists, think tanks, as well as national authorities and political figures – as well as third party endorsers to indirectly widen its outreach to citizens.

DG BUDG will continue to stress that the EU is mobilising all available resources, creating new tools and helping MS to do everything necessary to protect lives and livelihoods. Our messages will emphasise action and the unprecedented scale and scope of action allowed by the EU budget and Next Generation EU. We will also highlight solidarity (the EU is using its collective firepower to help MS, economic sectors and citizens most in need) and stress EU added value; as most responses are taking place at national and local level, we should explain the benefits of EU support whenever possible. The key messages will remain high-level, keeping in mind the citizen-oriented approach. In the implementation phase, they will

be complemented by messages about success stories of EU funding hitting the ground and helping specific businesses and individuals.

The table below maps key foreseeable communication moments.

Topic	Communication moments
MFF/NGEU	Adoption / Implementation of individual elements
Budget 2021	Adoption
Discharge - Budget 2019	Spring
SURE	Every planned issuance and disbursement
New own resources proposal	June
Draft Budget 2022	June
Communication on performance framework	June
Borrowing and lending under NGEU	Every planned issuance and disbursement
IFAR package including the annual accounts	July and September/October
FTS publication	July
ECA Annual Reports	October
Annual EU budget conference	Tbc
Eurobarometer	October
Budget 2022	November

The internal communication will focus on regular updates by DG BUDG's staff on the current political context in which the policy proposals are delivered or are being prepared. Both daily media review and weekly newsletter - BudgTimes - will contribute to this objective.

An overall outline of the communication strategy under general objective 2 is summarised in the table below:

AN ECONOMY THAT WORKS FOR PEOPLE

Target audience

In Brussels

- EP and individual MEPs
- Council of the EU, individual PERM REPS
- Other institutions (EESC, ECA, etc.)
- Think tanks, industry associations, business organizations
- Brussels press corps
- Social Media influencers
- EC staff

In the Member States:

- Citizens
- National and regional administrations
- National and regional parliaments
- Non-governmental sector – NGOs
- Influencers: think tanks, industry associations, business organisations, online influencers
- Beneficiaries of EU funding (who could be vocal in their support)
- Media and Social Media on the ground
- EC REPS, European Direct Centres

Beyond the EU:

- Third countries
- International Organisations (WB, UN, etc.)

Objectives

- Support smooth implementation on EU's long-term budget and NextGenerationEU
- Communicate on the impact of the EU budget on the daily life of the Europeans and thus reinforce a pro-EU feeling
- Inform about EU budget achievements including contribution to Commission priorities and response to the unforeseen events such as Coronavirus crises
- Contribute to neutral media coverage or pro-Commission media coverage;
- Generate positive talk about the added value of the EU budget both in Brussels and across the EU
- Generate positive Media coverage and buzz on Social Media

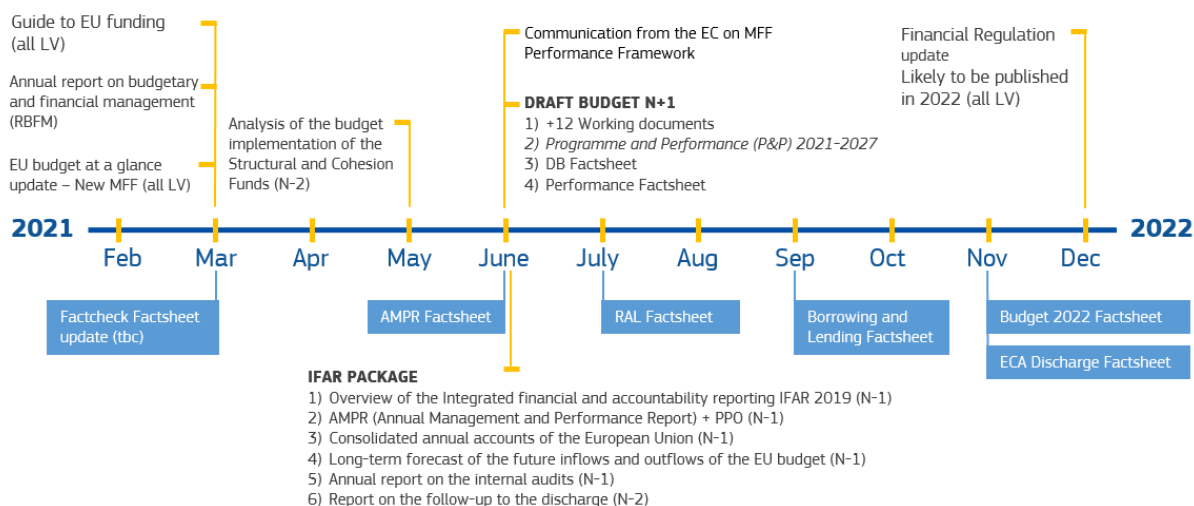
Non-exhaustive list of actions

- ▶ Communication strategy on the EU's long-term budget and NextGenerationEU
- ▶ Contribution to the corporate recovery campaign (EU budget contribution to the green, digital and health + access to EU funding)
- ▶ Revamp of the EU budget web pages on Europa including access to EU funding and EU as borrower sections
- ▶ Development of communications workflow on borrowing and lending activities including monthly Newsletter Technical briefings to the media, specialised media outlets and REPS
- ▶ Presentations to groups and visitors including targeted audience in the MS
- ▶ Enhanced use of social media and influencers
- ▶ Outreach to journalists
- ▶ Publications (Access to EU funding, EU budget at the glance)

Finally, DG BUDG will produce a number of publications summarised in the table below. The draft budget together with the programme statements, the 'Guide to EU funding' and the

'EU budget at a glance' will be the main products to be mentioned under general objective 2.

BUDG PUBLICATIONS – ANNUAL OVERVIEW 2021



General Objective 5: PROMOTING OUR EUROPEAN WAY OF LIFE

5.1. Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimize errors, prevent fraud, enhance transparency, and pave the way to the discharge.

The Commission's multiannual control systems are designed to ensure that EU funds are spent according to the rules, avoiding double funding and preventing errors and, if it is not possible to prevent errors, to detect and correct them, during the programme's lifecycle. DG BUDG applies a risk based approach focussing on identifying weaknesses, assessing the root causes of errors and taking appropriate remedial action, e.g. improve legislation, ask a Member State to improve its management and control systems, or apply financial corrections and recoveries.

Delivering on its transparency and accountability obligations for the implementation of the EU budget, DG BUDG will publish in July 2021 the **Integrated Financial and Accountability Reporting** package. This essential input for the annual discharge procedure includes: the consolidated EU annual accounts, the Annual Management and Performance Report (incorporating information on the protection of the EU budget), future cashflow forecasts, the annual internal audit report, and the report on the follow-up to the 2019 discharge.

In the **Annual Management and Performance Report**, DG BUDG will continue to report in full transparency to what extent the EU budgetary programmes achieve their objectives on the ground, and how the EU budget is protected from irregularities and fraud. The information on the legality and regularity of EU spending will identify higher risk programmes and the actions taken, be it in terms of financial corrections or through simplification of rules.

In 2021 DG BUDG will also ensure the proper follow-up and **reporting on the budgetary guarantees and financial instruments**, considering the necessary transparency as well as regulatory needs. Based on the progress towards a corporate approach on the annual reporting and regular monitoring of contingent liabilities arising from budgetary guarantees both in internal and external policies made in 2020, a common template with agreed definitions will be finalised and put in practice during the 2021 reporting period.

DG BUDG will also produce the reports establishing the amounts owed to/to be received from the UK, in relation to all relevant paragraphs of the Withdrawal Agreement (financial instruments, budgetary guarantees, RAL, pensions, fines and other related aspects).

DG BUDG plays a leading role in the **discharge procedure** by ensuring the effective management of relations with all relevant stakeholders in the process, in particular the European Parliament and the European Court of Auditors, paving the way to a positive discharge. DG BUDG will continue to ensure a **corporate steer of exchanges with the European Court of Auditors** on its strategic goals and work programme as well as on operational issues such as the streamlining of adversarial proceedings.

In particular, DG BUDG will continue to coordinate the Commission's input to the ECA upcoming multiannual strategy (2021-2025), especially as regards a possible evolution of the Court's annual statement of assurance and the future ECA strategy on performance.

Furthermore, DG BUDG will also liaise with the European Parliament's 2019 and 2020 discharge rapporteurs to ensure as smooth as possible discharge procedures, by providing, inter alia, leadership across Commission departments on crosscutting issues. It will also make additional efforts to raise stakeholders' awareness of the Commission's Integrated Financial and Accountability Reporting package.

5.2 Strengthen the protection of the EU budget from financial risks including through EDES, the generalized deficiencies as regards the rule of law in the Member States by greater transparency, knowledge sharing and accountability achieved by regular dialogue between all concerned stakeholders.

Financial risk management

The Commission has taken a range of measures to respond to the crisis caused by the **COVID-19** outbreak, such as adjustments to the control procedures and more flexibility in the management of funds, to swiftly use them where and when they are needed most. The

pandemic potentially poses significant challenges for the management and performance of the EU budget. The Commission is fully committed to ensuring that the implementation of the EU budget is subject to the highest standards of sound financial management, even during these unprecedented times. DG BUDG has therefore **assessed risks to the EU budget** proactively and taken the necessary steps to mitigate them. This has included a level of flexibility for debtors. This dynamic assessment will be kept under constant review.

DG BUDG will continue to focus on **improving financial risk management**, by strengthening its support to Commission services, promoting adequate oversight and coordination of internal control systems. The protection of the EU's financial interests in relation to fraud prevention is reinforced through the Early Detection and Exclusion System (EDES) which allows the early detection and exclusion of unreliable economic operators from EU funds, as well as through the Commission's recently adopted anti-fraud strategy where DG BUDG plays a key role in close collaboration with OLAF, including with regard to the follow-up of administrative and financial recommendations. DG BUDG will continue to invest in raising awareness about this system, amongst stakeholders both inside and outside the Commission, in order to ensure that all potential cases of exclusion are brought to the attention of the EDES panel.

DG BUDG prepared and will publish a **Guidance note on avoidance of conflicts of interest** under the rules of the Financial Regulation 2018. The purpose of this guidance note is to promote a uniform interpretation and application of the rules on avoidance of conflicts of interest in all management modes (direct/indirect and shared management). This tool will further strengthen the measures to protect the EU budget against fraud and irregularities and emphasizes the complementarity with the Rule of Law Regulation. DG BUDG will coordinate the action of other relevant Commission services to ensure the enforcement of Article 61 of the Financial Regulation and raise awareness both within EU Institutions and in Member States.

DG BUDG is part of the DG JUST country teams on the **Rule of Law**. The work of these country teams led to the publication of the first EU-wide report on the rule of law on 30 September 2020. The report is part of the new annual rule of law cycle – the Rule of Law Mechanism – and DG BUDG will continue to contribute to its yearly preparation. DG BUDG will continue to participate actively in these country teams for the preparation of the 2021 annual report on the rule of law, with a view also to exploiting potential synergies and sharing information relevant for the enforcement of the Regulation on a general regime of conditionality for the protection of the Union budget.

Pursuant to the Regulation on a general regime of **conditionality for the protection of the Union budget**, the Commission will have to identify possible breaches of the rule of law and ascertain whether the conditions to adopt measures are fulfilled by analysing a series of available sources and recognised institutions. If a breach of the rule of law affects or seriously risks affecting the sound financial management of the EU budget or the financial interests of the Union, the Commission may propose measures including the

suspension of payments and of commitments, the suspension of disbursement of instalments or the early repayment of loans, a reduction of funding under existing commitments, and a prohibition to conclude new commitments with recipients or to enter into new agreements on loans or other instruments guaranteed by the Union budget. DG BUDG will lead the implementation and enforcement work. It will develop and adopt guidelines to facilitate the application of the Regulation on a general regime of conditionality for the protection of the Union budget, including a methodology for carrying out the Commission assessment.

DG BUDG will enhance its risk management capacities related to its borrowing and lending operations. The increased borrowing and lending volumes, resulting from the implementation of SURE and NGEU, the CommissionOM intention to use new borrowing instruments/methods (e.g. short-term borrowing) as well as the need for proper complementary liquidity management call for a dedicated and encompassing framework for identifying and managing related risks, with a particular focus on liquidity, funding and operational risks. The main objective of the framework will be to minimise the risk that the Union would not be able to honour its financial obligations.

Providing information on beneficiaries and recipients of EU funds

In line with the conclusions of the European Council of 21 July 2020, the Commission is in discussions with the co-legislators with a view to introducing specific provisions in the CAP and CPR to **enhance the quality and interoperability of the data on EU beneficiaries**. The Member States would be required to collect relevant data on the persons ultimately benefitting from European Union funding (the 'beneficial owners') and to have that data analysed by a data mining and risk-scoring tool. In the Commission's view, for the purposes of audit and controls, the Member States should collect and analyse similar information in relation to the implementation of reforms and investment projects supported by the RRF.

DG BUDG plans to launch a revamped **Financial Transparency website** based on dashboards, which are more user-friendly and include additional functionalities to make the search more effective. The website offers the possibility to search for beneficiaries and recipients of European Union funds managed by the Commission under direct management as well as of the European Development Fund (EDF). DG BUDG will expand this database with indirect management projects.

The revamped website will have a positive impact by contributing to greater transparency and encouraging beneficiaries to demonstrate that they have spent European funds in a wise and sustainable way.

5.3. Promote strong enforcement culture to protect the EU budget

In 2021, DG BUDG will continue to promote a strong enforcement culture to protect the EU budget, including on the revenue side. An inspection plan has been established for 2021 on

the control of the VAT-based Own Resource, and DG BUDG will cooperate closely with Eurostat on inspection activities concerning GNI-based resources.

Some 13 inspections are planned for 2021 on the **control of the VAT-based own resource**. This is done in close cooperation with Member States, and is carried out in coordination with ESTAT and TAXUD. Moreover, DG BUDG also cooperates closely with ESTAT on the inspection activity concerning the **GNI-based own resource**. Owing to the effect of the Covid-19 pandemic on the VAT-based own resource work programme for 2020, some control elements have been pushed into 2021.

The control framework concerning the **reformed VAT-based own resource** will be simplified. Member States will submit annual VAT-based own resource statements by 31 July of the year following the financial year. The statements will, contrary to the current practice, only consist of collected receipts, corrections for any territorial scope, and corrections for any possible infringement against the VAT Directive.

The **plastic own resource** is a statistical own resource, like GNI and will hence, in terms of control and reporting, follow the GNI model – the Commission will check the data and will be assisted by an expert group and an advisory committee on this task. The Commission will, on that basis, determine the amount of plastics own resource that Member States shall provide to the EU budget. DG ESTAT will be in the lead on the control of the plastics based own resource.

Also, **management and control of Traditional Own Resources** (TOR), mostly customs duties, involves on the spot inspections in Member States and checking that the TOR due is made available in good time. This contributes to the definition of a balanced EU Customs policy. The 2021 inspection programme for Traditional Own Resources (TOR) is designed around a risk-based approach. To address the significant risks posed by undervaluation, DG BUDG will focus on: the management by Member States of the normal ('A') and separate ('B') accounts, the follow-up of the inspections on undervaluation, anti-dumping duties as well as the e-commerce and low value consignments, as these are the most significant risks currently affecting the proper collection of TOR. As regards e-commerce, particularly prone to high fraud and evasion of duties, pilot inspections will be carried out.

DG BUDG has developed and will start implementing a **new enforcement strategy aiming at reacting more swiftly to upcoming risks and better protecting the Traditional Own Resources**. This will include carrying out ad hoc inspections as appropriate to address the risks related to unusual trade patterns identified during the course of the year and prompt Member States to control them adequately. In addition, DG BUDG will continue its intense cooperation with the DGs involved in the protection of Traditional Own Resources and will continue meeting regularly with OLAF and TAXUD to better coordinate and react faster to mitigate the risks identified. DG BUDG will maintain a high level of participation in meetings either being present or remotely organised by TAXUD or Council with the customs authorities of the Member States (Customs Policy Group (CPG),

Experts' Group, Customs Union Working Party). This is also the opportunity for DG BUDG to raise Member States' awareness on particular risks, advise them on correct practices and interpretations of the texts and foster actions to protect the EU budget.

With regard to the effective management and control during 2021 of the EU's own resources, DG BUDG will ensure strict compliance with the financial rules to minimize errors, prevent fraud and enhance transparency. This objective will be achieved through:

- ensuring the timely recovery and recording of Member States' own resources contributions,
- advising internal and external stakeholders on legal issues relevant to own resources matters and managing any questions with respect to the Protocol on the Privileges and Immunities of the EU and the VAT exemption of the Commission (recovery of VAT for official purchases), and
- ensuring effective and targeted cooperation with and at the request of OLAF in the follow-up of financial recommendations addressed to Member States to protect the financial interest of the EU revenues.

Moreover, DG BUDG will continue to follow up on the ongoing infringement cases involving a loss of Traditional Own Resources, taking appropriate action to recover the losses into the EU budget.

Finally, DG BUDG will coordinate and deliver the reporting to the UK required under the financial provisions of the Withdrawal Agreement, with the next deliverables due by end Q1 2021.

STRATEGIC COMMUNICATION

Strategic communication activities outlined above will support various activities related to the sound financial management, the anti-fraud strategy and the protection of the Union's financial interests, as well as EU budget performance.

PROMOTING OUR EUROPEAN WAY OF LIFE



Target audience

In Brussels

- Commission services, OLAF, EPPD
- EP and individual MEPs
- Council of the EU, individual PERM REPS
- Other institutions (EESC, ECA, etc.)
- Permanent Representations to the EU
- Brussels press corps and Media

In the Member States:

- Citizens
- National and regional administrations
- National parliaments
- Non-governmental sector – NGOs
- Influencers: think tanks, industry associations, business organisations
- Beneficiaries of EU funding (who could be vocal in their support)
- Influencers on social media



Objectives

- Improve image of the Commission
- Improve the understanding of the public that the EU has zero tolerance to fraud and that the EC is doing all it can – together with partners – to make sure every Euro from EU budget is well-spent
- Improve understanding of how this is being achieved (e.g. simplification, enforcement activities, e-governance, fight against fraud / conflict of interest etc.)
- Communicate about protection of EU financial interest in the framework of Brexit and Recovery and resilience Facility implementation
- Contribute to positive media coverage / neutralise and rebut negative media coverage
- Generate and contribute to the positive buzz on Social Media
- Generate positive talk about the management of the EU budget both in Brussels and across the EU

Non-exhaustive list of actions

- ▶ Publications such as IFAR package and communication around the events such as discharge process
- ▶ Communication activities on the protecting measures applying to EU funds under the revamped MFF legislation
- ▶ Mythbusting activities and active contribution to the EC Network against disinformation
- ▶ Publication of the new FTS dashboard
- ▶ Enhanced dialogue and flow of information with ECA and EU institutions
- ▶ Active participation in the corporate communication activities

DG BUDG will also produce a number of publications summarised in the table on page 14. The main publications corresponding to General objective 5 are the IFAR package including the Annual accounts and reporting on financial instruments and the budgetary guarantees.

General Objective 7: A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION

7.1. Act as a centre of excellence and trusted partner for Commission services, other institutions, agencies and bodies, Member States and beneficiaries regarding:

- **high performing financial governance**, single (simplified) rulebook, transparency, smart reporting and derived intelligence, single audit approach, compliance and accountability
- **modern, sound and efficient management of accounts, treasury, financial risks and corporate financial and contract management IT systems**
- **stronger central oversight and management of debt, asset, and contingent liabilities** in view of ensuring sustainability of the EU budget
- **performance optimisation** through developing, implementing, monitoring and evaluating policies in an evidence-based, transparent and collaborative way with stakeholders and experts
- **robust internal control** that helps the Commission to achieve its objectives and sustain operational and financial performance.

DG BUDG's mission is to continuously improve financial management, through the further **professionalisation of the domain** and by improving related tools, taking better account of the recent evolution in the way the EU budget is managed i.e. large scale use of externalisation and of indirect management with implementing partners; an increased number of multi-DG programmes; use of new forms of intervention; and a stronger focus on results and on performance.

The Central Financial Service (CFS) of DG BUDG provides regular services to the Commission services, other institutions and bodies as regards the Financial Regulation, its application and interpretation. The CFS also provides guidance in the areas of internal control, risk management and financial reporting. In all these areas, it develops standards and guidelines, facilitates exchange of good practices among Authorising Officers by Delegation (AODs) and carries out communication and coordination activities including communities of practice and Inter-DG networks (such as the network for Finance Heads of Unit and the Internal Control Co-ordinators network) promoting a financial knowledge sharing culture.

Necessary adjustments of the legal frameworks

The launching of the long-term budget 2021-2027 and Next Generation EU will most probably lead to the adaptation of the Financial Regulation and of the legal framework for the executive agencies and Joint Undertakings. Based on a thorough analysis, DG BUDG will present:

- a proposal for **aligning the Financial Regulation** with the various new sectoral basic acts,
- **a delegation package for Executive Agencies** together with revised guidelines
- a reviewed **model financial regulation for Joint Undertakings**⁵.

Financial governance

DG BUDG will also continue providing support on **simplification of internal processes, stronger coordination and modernisation of financial management across the Commission** as well as possible adjustments to the rules and regulations due to unforeseen crisis as is the case for the COVID – 19.

Based on lessons learnt from its own assessment but also from that of the European Court of Auditors, DG BUDG will engage in **structured dialogues with a number of DGs** to improve both the performance and financial management of the programmes, and reduce error rates through appropriate measures such as simplification of rules and procedures and more efficient ex-ante/ex-post controls (“better controls”).

The Central Financial Service plays a key role in the dissemination of a **solid internal control culture at all levels of the institution**. Together with the SG, DG BUDG will continue to support corporate oversight on **risk management** to foster coherence in the identification, assessment and response to critical risks and to identify and address any

⁵ Commission Delegated Regulation (EU) 2019/887

crosscutting critical risks. In this context, a special attention will be paid to the risks resulting from the COVID-19 crisis.

In parallel, DG BUDG will continue to support the services in implementing the **Commission's internal control framework** as it constitutes an even more important safeguard for our operations given the present exceptional context. It will engage with Commission departments in their assurance building and reporting process by providing guidance and quality reviews for the Commission departments' Annual Activity Reports, along with centrally generated indicators. DG BUDG will ensure that the corporate Annual Management Performance Report endorsed by the College provides a true and fair view of the legality and regularity of the financial transactions.

DG BUDG will pursue the **modernisation of the Commission's internal control monitoring and reporting tools**. The new tools will provide a corporate vision, stressing the lessons learned for a number of internal control aspects while reducing the administrative burden for all actors involved. The aim is to have a better knowledge of what is happening in terms of internal control, and to get a global picture in real time, to facilitate decision making.

Through the participation in the Grants and Procurement Steering Board (GPSB) and all related ad hoc working groups and decision making levels, DG BUDG ensures a harmonious development of interoperable financial and contract management IT corporate tools to facilitate automated budget implementation in full compatibility with ABAC and future SUMMA (e.g. **eGrants, eProcurement, SEDIA**).

Accounting and treasury

DG BUDG is the central treasury service of the Commission, managing all the treasury related to the implementation of the EU budget. It provides also treasury services to other EU Institutions and bodies. During 2021, the treasury will continue using its robust forecasting capacity allowing matching inflows and outflows of cash resources. It will continue to use the latest banking technologies to ensure cost and time efficient, reliable and secure payment processes. The treasury will work actively with other parts of the DG to establish the best liquidity mechanisms possible for all new initiatives.

DG BUDG will maintain a high quality central accounting function that provides guidance and support, and is a centre of expertise on accounting for EU Institutions and bodies consistently producing world class annual accounts, prepared according to the highest international standards. DG BUDG will continue to be involved in accounting discussions across the world, to ensure that the Commission influences developments appropriately.

All COVID related actions will need to be accounted for, and hence all new measures adopted will be closely scrutinised to ensure that the accounting at the end of the year will be compliant with the International Public Sector Accounting Standards (IPSAS). The 2020

accounts to be issued in 2021 will also have to take into account the financial aspects of the Withdrawal Agreement signed with the UK.

DG BUDG actively monitors the control systems across the Commission that provide the necessary data to produce the annual accounts and reliable financial reports, ensuring the accuracy and completeness of the data and the recording thereof in a timely manner. In so doing, it will continue to develop and use tools to increase the efficiency of its supervisory controls, automatizing its processes and reducing the administrative burden on other Commission departments.

DG BUDG will also pursue a robust recovery process at Commission level which is key to ensuring that amounts owed to the EU budget are duly paid and that the EU's financial interests are adequately protected. During 2021, it will pay particular attention to recoveries following OLAF financial recommendations.

DG BUDG has proposed measures to ensure debtors impacted by the crisis are dealt with fairly and proportionately; an active follow up of these measures will be undertaken.

Corporate financial IT systems

DG BUDG, in its role as leading service in the financial domain, will continue to prepare to implement the new **IT corporate financial platform, SUMMA**, which will replace the current ABAC. SUMMA will be a modern and integrated financial system, incorporating state of the art financial processes based on best practices and industry standards, and fully integrated within the EC corporate IT landscape.

This major project is fully in line with the Commission's digital strategy and contributes to its implementation. As such, SUMMA will provide an important contribution to the **modernisation and digitalisation of the EU administration**. It will support the Commission's key financial day-to-day activities with the latest available technology from SAP. Beyond the technology replacement, this project provides the opportunity to standardise and simplify the Commission's financial and accounting processes, and facilitates the decision making process through integrated reporting and enhanced analytics capabilities. Work will be focussed on the key requirements of the three pilot agencies, which will move to SUMMA at end of 2021.

In the meantime, as SUMMA and ABAC continue to co-exist, DG BUDG will also ensure the **business continuity of the current ABAC and related systems**.

ABAC will remain the Commission's corporate financial and accounting information system managing the financial transactions, accounts, treasury and disclosure of the Commission and more than 50 other EU Institutions and Entities, up until the go-live of SUMMA. For the current year specifically, the ABAC set up will be adjusted to accommodate the new MFF nomenclature, the Next Generation EU, the CPF, the EPF and the new Executive Agencies delegation package.






Besides ABAC, DG BUDG also ensures business continuity of several IT local applications. Changes and developments in all these IT systems (ABAC, BadgeBud⁶, EDES⁷ and all other local IT applications including the lending and borrowing activities) will be reduced to the absolute minimum (e.g. legal obligations, alignment to critical business requirements and implementation of critical technical/security changes). This means in practice that DG BUDG will remain in a maintenance mode, without compromising business continuity while ensuring the availability, reliability and security of these IT systems and providing high quality of services to end users thus fully contributing to this specific objective.

STRATEGIC COMMUNICATION

DG BUDG strategic communication will focus on promoting sound financial management across and outside the Commission at the corporate and internal level:

Corporate communication activities as domain leader including participation in the Together campaign:

COMMUNICATION ACTIVITIES AS DOMAIN LEADER ON FINANCIAL MANAGEMENT

 <p>Networks for better collaboration</p>	<p>Existing corporate networks animated by BUDG will provide 2-way communication to all services on the most important topics in financial management and internal control.</p>
 <p>One-stop-shop: Budgweb</p>	<p>BudgWeb website, the corporate one-stop-shop will continue to provide all staff easy access to the latest financial rules, procedures, models and lots of other useful information.</p>
 <p>Reliable information, training and advice</p>	<p>BUDG will offer a wide range of information and advice for the finance community, including the ABAC and Financial Helpdesks, training, messages, monthly newsletters, and Connected spaces.</p>
 <p>Improved financial governance</p>	<p>BUDG will communicate about joint budget planning, a uniform application of pillar assessment rules, single audit approach and cross reliance on existing audits and controls as well as on public internal control and risk management</p>
 <p>Streamlined processes through digitalization</p>	<p>The communication about new corporate IT tools for grants and procurement as well as SUMMA financial system will inform future users about new functionalities for simplified and more harmonised corporate management of EU funds</p>

⁶ BadgeBud is the corporate tool used for the preparation and the adoption of the budget by the Commission, the Parliament and all External Entities.

⁷ EDES database is the system allowing for the sharing of information of early detection cases among authorising officers and of exclusion of unreliable economic operators from EU funds among authorising officers and all entities implementing EU funds in indirect and shared management.

Internal communication within DG BUDG:

- facilitating staff alignment with the values of DG BUDG
- promoting cohesive culture and collaborative work towards common goals
- organise lunchtime conferences and internal events to increase the policy awareness and overall capacity building in DG BUDG
- promoting the use of Manual of procedures to improve the efficiency of procedures and improve internal information flows. This manual of procedures will be integrated into the future knowledge platform in DG BUDG (see part 2 section D).

A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION



Target audience

In Brussels

- Commission' staff
- ECA
- EU Institutions (e.g. BUDG, CONT and COMBUD committees members)

In the Member States:

- Agencies and bodies
- Implementing partners
- PERM REPS (+ delegations)



Objectives

- Improve image of the Commission
- Improve the understanding of the public that the EU has zero tolerance to fraud and that the EC is doing all it can – together with partners – to make sure every Euro from EU budget is well-spent
- Improve understanding of how this is being achieved (e.g. simplification, enforcement activities, e-governance, fight against fraud / conflict of interest etc.)
- Communicate about protection of EU financial interest in the framework of Brexit and Recovery and resilience Facility implementation
- Contribute to positive media coverage / neutralise and rebut negative media coverage
- Generate and contribute to the positive buzz on Social Media
- Generate positive talk about the management of the EU budget both in Brussels and across the EU

Non-exhaustive list of actions

- ▶ Improved visibility for the domain leader role of BUDG (e.g. through Together campaign)
- ▶ Enhanced cooperation with the DGs and agencies including via existing networks (RUF, discharge, internal control, performance...)
- ▶ Publication of manual of procedures
- ▶ Publication of streamlined reporting (dashboards, new FTS, improved interoperability of data on shared management beneficiaries)
- ▶ Strategic coordination and communication on modernisation (Sedia, Summa...) and improved E-governance

Internal:

- ▶ BUDG Web + new knowledge platform
- ▶ BUDG Times + Media review,
- ▶ Spokes4Budg network

PART 2. Modernising the administration: main outputs for the year

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 Framework⁸, including financial control, risk management, human resource management, communication and the safeguarding and protection of information.

The internal control framework⁹ supports sound management and decision-making. It notably ensures that risks to the achievement of objectives are taken into account and reduced to acceptable levels through cost-effective controls.

Directorate General for Budget (DG BUDG) has established an internal control system tailored to its particular characteristics and circumstances. The effective functioning of the service's internal control system will be assessed on an ongoing basis throughout the year and be subject to a specific annual assessment covering all internal control principles.

In 2021, DG BUDG will further invest in improving monitoring and evaluation, including the follow-up of the audit recommendations. It will also work towards improving the risk management process.

A. Human resource management

DG BUDG will continue to focus on the effective management of human resources to deliver on its political priorities and contributing to the over-arching priorities.

As set out in the political agenda of President von der Leyen, the task of all Commission services is to translate the priorities into concrete and operational strategies, offering the opportunity of a new start and a reflexion on how to do things differently.

The DG will strive to make the best use of its staff talents to address the key priorities of the European Commission agenda for 2019-2024. At the same time, and in the context of the recovery package response to the pandemic crisis in the EU, the Commission is committed to making considerable efforts in ensuring a more effective use of its human resources. In practice, it means making the best possible use of talents and rewarding staff for good work. It also means raising management awareness when it comes to gender

⁸The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework on internal control is the most widely used framework for internal controls that helps organizations ensure that their financial statements are accurate, their assets and stakeholders are protected from fraud, and their operations are running efficiently and effectively. For more information on this, please refer to <https://www.coso.org/Pages/default.aspx>

⁹ [Communication C\(2017\)2373 - Revision of the Internal Control Framework](#)

diversity, aiming to achieve the target set for the Commission and for DG BUDG on parity for female managers.

In terms of challenges for the HR BC team, a shift from administrative processes to business partnerships is the most important, to help units and the DG achieve its goals by optimised management of human resources and proposing innovative projects to modernise the HR processes in the DG.

The complex economic and political landscape which will likely result from the current Covid pandemic will have a lasting impact on the role of human resources management (HRM), requiring increased focus on well-being and internal communication activities and more investment in maintaining optimal staff engagement. In this context, in 2021 DG BUDG will focus on the following:

HR strategy 2021-2024:

In order to ensure the effective management of human resources and to optimise the capacity to deliver on its business priorities, DG BUDG is currently developing a local HR strategy for the period 2021-2024 consistent with the corporate HR strategy. The overall objective of DG BUDG's HR strategy is to serve the main specific objectives put forward by the DG.

DG BUDG's HR strategy will set out the objectives the DG should meet in terms of HR management. Notably, it will outline concrete actions under the following main themes: (i) talent management; (ii) career development; (iii) learning and development; and (iv) enhanced internal communication. The strategy will also address the need for DG BUDG's structure to remain flexible in order to be able to adapt if necessary to changes in the political priorities of the DG.

Equal opportunities:

Reaching the target set by the Commission on gender balance in management will remain a priority for the DG. Women currently account for 44% of DG BUDG's middle management population. In line with President von der Leyen's commitments to achieve parity amongst management by 2024, DG BUDG is committed to working towards this goal.

To this end, women with management potential will be offered a dedicated talent management programme alongside specific coaching and mentoring. This programme aims to increase their confidence in their abilities to lead, and to encourage them to pursue additional responsibilities over time to prepare them for management roles.

In addition, DG BUDGET will work towards encouraging women administrators to consider applying for middle management jobs in the DG by improving the quality and content and attractiveness of vacancy notices and through proactively offering one-on-one encouragement and advice on applying for such vacancies.

With regard to developing and supporting aspiring female senior managers, DG BUDGET will assist identified colleagues in developing their leadership skills through supporting external development opportunities where possible and through a new mentoring programme to be put in place in 2021.

Staff engagement:

DG BUDG's dedicated workforce, which is fully engaged and continually striving for excellence, plays a key role in achieving the strategic goals.

The 2018 HR Staff Survey showed an overall staff engagement score of 75% (staff engagement index). This was 6% above the Commission average and represented a 5% increase since the 2016 Staff Survey.

In the current pandemic context and looking forward, communication with staff is and will remain crucial if we are to maintain this level of engagement. The DG is always looking at ways to improve its existing operational structures in order to maximise engagement. The wide-ranging scope of staff engagement actions foreseen will enable DG BUDG to drive staff well-being and engagement forward, through listening to staff and addressing concerns as they arise and regular individual and group (physical and/or virtual) meetings, both formal and informal, between senior and middle management and staff.

DG BUDG will also further the implementation of actions, stemming from the Project Teams, based on DG BUDG's Senior Management Action Plan presented to all staff in 2019. This means, inter-alia, focusing on promoting and enhancing recruitment policies, providing a positive work environment, supporting talent through career development and delivering high quality and professional HR services to the DG BUDG staff.

Well-being:

DG BUDGET will promote inspiring, empowering and innovative leadership at all levels, based on trust to ensure colleagues have a manageable workload and achieve a good work/life balance without undue stress (avoiding sending emails late in the evening or during weekends). Managers will continue to be provided with guidance to support colleagues with empathy and compassion in complex and challenging situations.

DG BUDG will continue to invest in the well-being of its staff in 2021 and promote and encourage staff to participate in leisure activities offered under the Commission's fit@work programme (pilates, basketball, safe cycling, running, Vélomai etc.) and increase awareness of the Commission's fit@home programme.

DG BUDG has invested a lot of work in developing a workspace refurbishment project. Should this project be realised, in accordance with the updated health and safety insights, following the COVID-19 crisis, it will offer staff a better and more modern office space, including improved facilities, such as additional showers and bicycle parking spaces, electric charging possibilities and a refurbished Well-being Room.

Communication has a positive impact on health, in particular at times of 'social distancing'. In this context, DG BUDG will continue to encourage staff to use other means of communication, such as internal social media, surveys and polls.

Mobility & career development:

As the domain leader in financial management, DG BUDG aims to foster excellent financial governance across the institution and strengthen cooperation with the Member States in collaboration with the Commission services responsible for shared management.

With regard to its current and future workforce, focused training will be organised to ensure staff are ready and able to rise to the challenges of DG BUDG's vision to act as a Ministry of Finance. By identifying knowledge clusters and gaps and by preparing colleagues for more active engagement in policy design, DG BUDG aims to increase and refine inter-DG cooperation and encourage intra-DG project teamwork. For example, in 2020 the intra-DG mobility rate was 17,2%, representing a movement of 35 colleagues within the DG. In addition to training, DG BUDG will continue to invest in transforming the way we work, moving towards automated processing and focusing on value-added tasks.

Succession planning and targeted recruitments, both in-house and through specialist competitions, will ensure that the new profiles needed will be acquired as this moves forward. Special attention will be paid to filling posts in Luxembourg in collaboration with corporate HR.

B. Sound financial management

As a corporate service, DG BUDGET plays a leading role in the discharge procedure by ensuring the effective management of relations with all relevant stakeholders in the process, in particular the European Parliament and the European Court of Auditors, paving the way to a positive discharge.

DG BUDG manages the central treasury, the borrowing and lending activities, guarantees and financial instruments and trust funds, with risk management and controls specific to these domains. Strong control systems have been built to mitigate the risks in these fast developing areas and they will be further fine-tuned in 2021.

DG BUDG manages also EC treasury and executes payments of the Commission, EDF, EEAS and other institutions and bodies. The significant volumes and amounts of payments are run under a strong internal control framework. The applied payment procedures are fully aligned with international banking standards. In 2021 DG BUDG plans to provide additional international payment solutions for the use of EEAS.

Additionally, DG BUDG manages its own administrative expenditure, including procurement, and defines and oversees the correct implementation of the financial rules applicable to the general budget. In this context, risks are effectively mitigated by the controls in place.

In 2021, DG BUDG will centralise the contract management in its financial cell. The full use of all functionalities of the PPMT (Public Procurement Management Tool) and parts of e-submission (e-request, e-ordering and e-invoicing) will continue to be a priority.

The financial circuits and the control procedures will be revised, taking on board possible efficiency gains and the effects of the 2020 reorganisation. These processes will further reduce the risk of error, occurrence of non-compliance events and will increase the effectiveness of the financial and contractual operations.

Regular reporting to senior management will continue as it only further enhances reassurance with regard to sound financial management.

Given that DG BUDG overall costs of control are low, there is no specific action in 2021 foreseen in this area.

C. Fraud risk management

DG BUDG is currently drafting its Anti-Fraud Strategy, integrating the objectives of the revised Commission Anti-Fraud Strategy. The DG BUDG corporate role in protecting the EU budget from fraud is underlined by: (i) defining the areas where DG BUDG is an actor in the Commission Anti-Fraud Action Plan; (ii) reinforcing the description of the actions that are necessary to go further in the fight against fraud in the area of revenue collection; and (iii) emphasising the need for reinforced cooperation with other services.

DG BUDG will continue to cooperate with OLAF and TAXUD on fraud risk management and on the measures to fight against fraud in the area of expenditure and revenue. This collaboration will target, inter alia, mitigation measures with regard to the undervaluation of imports to the EU (including implementation of the enforcement strategy), and carrying out (upstream) a fraud-proofing exercise on future spending programmes. DG BUDG will ensure the inclusion of OLAF instructions on financial recommendations and guidelines on financial monitoring to the spending DGs, as well as improving reporting on the amounts actually recovered following OLAF's financial recommendations. This trend of cooperation will continue in the next years.

The residual risks of fraud in DG BUDG's activities are not significant, as the controls in place in the DG have been assessed as strong. Nonetheless, in 2021 DG BUDG will continue to invest in increasing awareness among DG BUDG's staff on the importance of the fight against fraud and their role in achieving this objective.

D. Digital transformation and information management

In reference to the 2018 European Commission Digital Strategy and to the Commission strategy on data, information and knowledge management the strategic use of data, information and knowledge is an essential part of a new way of working of the Commission. Knowledge sharing, efficient data management, dissemination and exchange of information will be key to maintain a supportive, encouraging and challenging working environment at DG BUDG.

DG Budget in its role as financial domain leader has developed a set of interactive dashboards for the DGs and agencies to simplify the access and use of financial information. These dashboards cover various aspects of finance: a portfolio dashboard to oversee open transactions, a financial scorecard to evaluate DGs financial management, a statistical dashboard to get hands-on information on beneficiaries and funding received by them, a data quality dashboard to improve the reliability of data in the IT-system and

specific dashboards to gain insight in view of a transition to the future IT-system SUMMA. The development of dashboards will continue in 2021 to rationalise and streamline the reporting offer.

A new Knowledge Management System called BUDGpedia will be implemented in DG BUDG with the aim to facilitate the access of the financial community of the Commission to knowledge, data and information, and learning, but also to increase expertise.

BUDGpedia's purpose is to develop a culture of sharing and collaboration in DG BUDG and to strengthen DG BUDG's role as domain leader for financial management and the internal control framework. This will promote coordination across the Commission in the implementation of actions aiming to modernise financial management.

BUDGpedia will be an integrated portal solution, mapping existing knowledge and document management practices, enabling coherent restructuring of document management systems and the creation of learning material related to the topics addressed.

DG BUDG will continue to monitor and ensure compliance with e-Domec rules¹⁰ across the DG.

As indicated in part I, DG BUDG in its role as the leading service in the financial domain, will be putting in place the new corporate financial platform, called SUMMA, which will replace the current ABAC system. This major project is a key component of the implementation of the Commission's digital strategy, and will provide an important contribution to the modernisation and digitalisation of the EU administration. One important milestone for the SUMMA project in 2021 will be the go-live of the new system for three pilot agencies, which will occur at the end of the year and represent its first rollout.

DG BUDG is co-leading, with the Secretariat-General, the corporate action "MFF performance data management" of the Data, Information and Knowledge Management Work Programme for 2020-2021. This action aims to address data shortcomings including improving the design, management and use of MFF performance data, to provide a more comprehensive overview of programme performance, and to maximise synergies with other data sources and/or European data frameworks, such as official statistics.

In the area of data protection, DG BUDG has already made considerable efforts to ensure compliance with the new Internal rules, which entered into force in December 2018, and the Implementing rules, which entered into force in July 2020. In close cooperation with the DPO and other Commission services, DG BUDG will continue to ensure that the most

¹⁰ The records management and archival policy in the Commission is known under the acronym e-Domec, which stands for electronic archiving and document management in the European Commission. e-Domec applies to all Commission directorates-general and equivalent departments.

relevant processing operations involving personal data are documented in the corresponding records. DG BUDG will also continue to be in the lead when it comes to corporate records in relation to new clauses in framework contract and specific contract models.

In order to continue to meet the required level of compliance in 2021, DG BUDG will organise further awareness raising campaigns on the new rules and the importance of complying with them for all staff in the DG (especially those who process personal data and who are in charge of ensuring that such data is protected). As in the previous year, this will include the organisation in 2021 of two specific training sessions for all staff by DG BUDG's Data Protection Coordinator that will also allow the exchange of best practices.

DG BUDGET's coordination unit will continue to ensure the overall coordination of internal processes within the DG (legislative coordination, comitology, translations, access to documents, ombudsman, citizens' questions etc.), including the coordination of inter-institutional relations (with GRI, relations with the committees, parliamentary questions and opinions of national parliaments) and of the DG's activities linked to the Commission's corporate internal and external communication objectives.

E. Sound environmental management

DG BUDG takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work.

The Coronavirus crisis will lead to permanent changes in the way the Commission and DG BUDG operates, reducing the environmental footprint further. Even if electricity consumption in the BRE2 building is below the average for Commission buildings, it will be reduced even further with the new teleworking arrangements.

In addition, tele-conferencing and a decrease in missions across the Commission, the re-thinking of the Commission's office space and its modernisation, the rollout of the new state-of-the-art IT equipment to be installed in all meeting rooms, will lead to an even more positive effect on the Commission's environmental footprint.

The 2019 DG BUDG EMAS action plan is recurrent in order for new behaviours to be anchored and contributes to the "greening" of our daily operations and working methods and outputs set out in the Strategic Plan.

The EMAS team strives to continue and start a new cycle of communication and activities around the 4 pillars, focussing to a large extent on communication actions structured around: (i) Plastics; (ii) Energy; (iii) Commuting/Transport; and (iv) Paper. The communication actions planned under each of these pillars raise the collective awareness of BUDG staff about what needs to be done in order for BUDG to become a greener DG.

By repeating the key messages combined with new activities taking into account current developments, a lasting change to “greener” behaviour will be achieved by BUDG staff. For example, the waste sorting stations were installed at the end of 2020 in close collaboration with the OIB. They are a success and help DG BUDG staff to reduce its waste extensively.

At BUDG level, the organisation of virtual lunchtime conferences and art exhibitions have a knock-on effect on BUDG’s EMAS ambitions and will be continued in 2021. These are important vehicles the DG uses to boost messages and which have proven effective for staff morale and well-being. The new additional bicycle and motorcycle parking facilities and the mutualisation of car parking places are planned for 2021 in an effort to encourage more colleagues to change to soft mobility.

Art will be used to get messages across and to raise awareness about topics that colleagues might otherwise fail to pay attention to when communicated through other mediums. In addition, BUDG’s Art@work team will organise several exhibitions in 2021, for example, related to Sustainable Development Goals (SDG)13 of the UN Agenda 2030, to take urgent action to combat climate change.

All of the above will be accompanied by the regular update of BUDG’s EMAS web-page and the inclusion of eco-tips in BUDG’s weekly newsletter “BUDG Times”.

F. Initiatives to improve the economy and efficiency of financial and non-financial activities

The Common Provisioning Fund (CPF) will be the critical capital buffer for the system of EU budgetary guarantees. From the entry into force of the next MFF, the CPF shall hold the provisions for various EU financial instruments, financial assistance and budgetary guarantee programmes. By grouping the EU guarantee funds under the CPF with a single investment strategy/benchmark clearly oriented towards capital preservation, DG BUDG will strongly support the objective of budget agility through strategic oversight and harmonized asset management. In addition, it will reap economies of scale versus the alternative of managing these provisions separately, a choice that would have led to duplication of processes. This is reinforced by the Commission’s decision, explained in its Communication (COM(2020)130), to manage the CPF assets in-house, repatriating funds that are currently outsourced. In this way the Commission will assure a seamless and efficient asset-liability management. Moreover, it will be able to ensure that the CPF is aligned with the budgetary demands flowing from the operations, and to report regularly to Parliament and Council on these matters.

The NGEU recovery package triggers the need for more granular and precise financial forecast to provide information for borrowing the related funds on the financial markets in time and while minimising the risk of negative interest. A new forecasting application, using the SAP-BPC (Business Planning and Consolidation) is currently under development to store all forecasting information in this single tool. Combined with other financial information, this tool will provide a 360° view for treasury and financial market management. The tool



will also provide additional granularity requested by the DGs allowing them to forecast expenditure on lower levels than the budget item. This will increase efficiency in spending the budget because the comparison between forecasts and actuals will be tracked in the financial scorecard dashboard. The 1st release of the SAP-BPC tool for forecasting will become available in March 2021.

DG BUDG is continuously seeking economy and working to improve the efficiencies of EC financial processes internally and together with other services and institutions. DG BUDG is notably working closely with EEAS, especially in the identification of areas with potential economy of scale. For instance, a large number of payments are still executed locally by EU delegations because international payments do not always meet the local requirements (e.g. tax, bank details, etc.) or present a higher transaction cost for the beneficiaries and/or the institution. This implies that staff in each delegation have to manage contracts with local banks, execute payments and reconcile bank statements. In addition, these tasks are not fully automated. Thanks to recent developments in the banking industry, a solution exists to execute payments on local banking markets while sent centrally from Brussels. Following the successful testing of this solution with 5 delegations in 2020, it has been decided together with EEAS to implement this central payment solution in 2021. DG BUDG will launch early 2021 a procurement procedure to select several banking partners which will support DG BUDG in implementing the solution across the world. The objective is to activate this solution after sufficient testing for at least 20 EU Delegations in 2021.

Given the increase in financial instruments and guarantee contracts being used to implement the budget, the complexity facing financial staff in many DGs has increased drastically. To address this and to reduce the workload for these DGs while also increasing the quality of output, during 2020 DG BUDG successfully took over the task of preparing the year-end closure in this area from the DGs. Given the success of this approach, it will be maintained in 2021 and later years. In addition, the implementation of IPSAS41 as of 1 January 2021 should allow a more efficient interaction with entrusted entities, providing information to the Commission on financial instruments through closer alignment with the IFRS standards generally used by these entities.

ANNEX: Performance tables

PART 1. Delivering on the Commission's priorities: main outputs for the year

General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE		
<i>Specific objective: 3.1. Design, negotiate and manage EU budget expenditure and revenue that delivers efficiently on Union priorities and provides added value through the financing of EU public goods</i>		Related to spending programme(s) ALL
Main outputs in 2021:		
New policy initiatives		
Output	Indicator	Target
Commission communication on NGEU funding strategy based on close links to RRF and other NGEU funded programmes	Definition of an appropriate diversified funding strategy for NGEU, taking into account the need to serve requests for funds/payments in a timely manner while ensuring that corresponding bond issuances remain successful overtime (during the whole implementation of the programme)	31 April 2021
COM Decisions on Borrowing arrangements to implement diversified funding strategy		
 "Green bonds framework" with a view to reaching the target of 30% of NGEU being raised via green bonds	Green bond framework published in Europa website as Staff Working Document in June (along with 2nd party opinion)	June 2021
 Legislative proposals on new OR [carbon border adjustment; digital levy; ETS]	Legislative proposal adopted by the Commission in June	June 2021
Other important outputs		
Output	Indicator	Target
OR legislative package [VAT simplification & plastic-based OR] including implementing legislation [IMSOR, MAR & amended VAT-OR Regulation 1553/89]	Adoption of the package as soon as possible Decreasing administrative burden for EU and Member States	In the course of 2021 Decreased length of inspections
Operationalisation of the RRF: assessment of RR national plans, Financing agreement, payment schedule, milestones and targets/ payments	Assessment of the 'payments, control and audit' section of the RR plans completed on time Adoption of the financing agreement template before end of April	20 April 2021 at the latest
Establish an annual budget for 2022	Statement of estimates adopted	2022 budget adopted at the latest

according to needs within legal deadlines respecting the political priorities	in June; draft budget by mid-July	in the December 2021 plenary
Annual budget implementation making use of transfers and carryovers	All budgetary authority transfers and Draft Amending budgets adopted by the EP and the Council	End 2021
Regular monitoring of annual budget execution to ensure full implementation	Active Monitoring and Forecast of Budget Implementation + working document on implementation and assigned revenue produced on time	3 x year (March, June-July, October)
Technical adjustments of the MFF (Technical update of 2022 including specific features agreed for the MFF 2021-2027)	Timely adoption for the annual budget procedure	June 2021
Enhance agility of the budget by strategic planning and foresight though providing annually a long-term forecast report of revenue and expenditure including definition and update of scenarios for the future 5 years on the annual revenue projections and payment needs for all MFF (sub-headings) + NGEU payments/planned borrowing to comply with the requirements of the Financial Regulation to cover all inflows and outflows.	Report produced before end of June	June 2021
ACOR forecast - Calculation of Own Resources basis	Approval in the ACOR meeting: revised TOR, plastics based contribution and VAT and GNI basis for 2021; forecast for TOR, plastic based contribution and VAT and GNI basis for 2022, including changes derived from the Own Resources Decision when applicable	June 2021 TBC depending on entry into force of new Own Resources Decision
Calculation of the UK rebate	Approval in the ACOR meeting: update of 2017-2020 UK correction	June 2021 TBC depending on entry into force of new Own Resources Decision


General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

Specific objective: 3.2. Develop policy-relevant knowledge, performance and financial intelligence in order to optimize the use of resources, influence policy design and ensure efficient and effective implementation of the spending programmes

Related to spending programme(s)
ALL

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target
 Communication on the performance framework 2021-2027	Timely adoption of the Communication	June 2021

Enforcement actions

Output	Indicator	Target
Developing country knowledge	Country information for all MS available, with priority given to information related to RRF	30 April 2021
Enhanced partnership with Member States	Better Spending Network set up to share best practices and identify weaknesses on issues related to public spending	June 2021

Other important outputs

Output	Indicator	Target
Publication of reinforced performance analysis, with focus on EU added value	Timely publication of programme statements (annexed to DB 2022)	June 2021 (together with Draft Budget 2022)
	Timely publication of programme performance overview (annexed to AMPR 2020)	
Focused tracking for the different strands of mainstreaming (climate, digital, gender, SDGs) under the next MFF + COVID tracking	Updated methodologies presented in Draft Budget 2022	June 2021 (together with Draft Budget 2022)
Enhanced economic and budgetary analyses	Improved and expanded modelling capabilities on the revenue and expenditure side of the budget for the assessment of allocative expenditures, redistributive and growth stabilisation effects of the EU budget and NGEU, in a short, medium and long-term perspective	Thorough the year
		Increase in capabilities from the negotiation model for the MFF 2021-2027 to fully fledged implementation and forecasting model including economic variables
Reinforced DG BUDG role as the centre of competence for financial reporting of the European Commission and its different agencies.	Implementation of an EC corporate planning and forecasting tool	Implementation by end of the year
	Implementation of 12 new corporate financial indicators in the financial scorecard	Implementation by end of the year

General objective: 3. AN ECONOMY THAT WORKS FOR PEOPLE

Specific objective: 3.3. Enhance agility of the budget by strategic planning and foresight, harmonized asset management as well as efficient use of financial instruments, budgetary guarantees and the budgetary headroom

*Related to spending programme(s)
ALL*

Main outputs in 2021:

New policy initiatives

Output	Indicator	Target
Monitoring and reporting on financial instruments and budgetary guarantees	Publication of the reports foreseen by Articles 41(4) and 41(5) of the Financial Regulation on financial instruments and budgetary guarantees respectively	First Article 41(5) report June 2021 (together with Draft Budget 2022)
Sustainability of Contingent Liabilities	First Report on sustainability of Contingent Liabilities (Article 250 Financial Regulation) encompassing budgetary guarantees, borrowing and lending activities	September 2021

Other important outputs

Output	Indicator	Target
Operationalisation of borrowing and lending activities under Next Generation EU	Robust governance model Short-term funding liquidity management solutions Forecasting process for disbursements Accounting flows and budgetary reporting Codified relations with bank counterparties: Reinforced communication channels with investor base	In place by end of May 2021
Deeper communication channels with MS Debt Management Offices and peer issuers	MoU governing relationships with Member State DMOs and Peer Institutions covering communication means (bilateral or group meetings and calls, written exchanges)	June 2021
EU bond issuance for SURE	Timely establishment of an appropriate issuance plan for the SURE borrowing operations in 2021 Execution of remaining transactions	Plan in place in January 2021 Issuance programme completed by July 2021
Support the Steering Committee on Contingent Liabilities in implementing a corporate risk	Completion of the corporate risk management framework and ensuring its consistent	Consolidation of work on risk management framework in place by March 2021 (as SWD):

management and reporting framework	<p>application to internal and external guarantees</p> <p>Standardise financial and non-financial provisions of guarantee agreements</p>	<p>presentation to implementing partners</p> <p>Credit Risk model operational: summer 2021</p>
Sound governance of CPF assets	<p>Effective governance of the asset and financial risk management in DG BUDG</p> <p>Progressive alignment of CPF portfolio on CPF benchmark Design of the shorter-term Tactical Asset Allocation (TAA)</p> <p>Update Effective Provisioning Rate and publish first annual report on CPF</p>	<p>Throughout the year</p> <p>Throughout the year (speed of alignment also dependent on market conditions), but completed by year end at the latest TAA in place by January 2021</p> <p>First report on CPF: September 2021</p>
Implementation of an ESG investing policy within the CPF portfolio management framework, promoting Commission's sustainable finance initiative in that regard	CPF's bond investments complying with the ESG investing policy as expressed in the CPF Asset Management Guidelines	Implementation beginning in 2021
Prudent management of budgetary headroom	Ensure that at any point of time, the headroom is sufficient to cover all contingent liabilities falling due in the same year with regards to the Own Resources Decision in force	Maintain high ratings, account being taken of evolving circumstances

General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

Specific objective: 5.1. Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimize errors, prevent fraud, enhance transparency, and pave the way to the discharge

Related to spending programme(s) ALL

Main outputs in 2021:

Other important outputs

Output	Indicator	Target
Effective management of the Commission's own resources	Follow-up of all own resources due (recovery or contradictory procedure); correct recording of all transactions of the MS in respect of own resources	100%
Advising internal and external stakeholders on legal issues relevant for own resources matters and managing any questions with respect to the Protocol on the Privileges and Immunities of the EU	Satisfaction by stakeholders with adequateness and timeliness of output delivered	High satisfaction achieved
Effective management of the discharge process	EP grants the 2019 discharge	Adoption in April 2021
	Maintain constructive relations with the ECA and the CONT Committee	Throughout 2021
	Contributing to the ECA future multiannual strategy (statement of assurance, performance)	On a continuous basis until the adoption of the ECA 2021-2025 strategy
High quality and readable reporting, with a positive impact on discharge discussion	Adoption of the 2020 Annual Management and Performance Report	Adoption in June 2021
	Adoption of the Annual Activity Reports	Review in view of adoption by DGs by 31/3/2021 (30/4/2021 for shared management)

General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

Specific objective: 5.2 Strengthen the protection of the EU budget from financial risks including to the generalized deficiencies as regards the rule of law in the Member States by greater transparency, knowledge sharing and accountability achieved by regular dialogue between all concerned stakeholders

Related to spending programme(s)
ALL

Main outputs in 2021:

Enforcement actions

Output	Indicator	Target
Development of Domain Leadership	Publication of Guidance Note on Conflict of Interest and awareness raising campaign in different fora Representing BUDG in JUST-led country teams for the preparation of the annual RoL report	Publication in the first quarter 2021 Raising awareness and coordination of relevant Commission services for the enforcement of Article 61 FR (continuous actions throughout the year) Yearly cycle (continuous action)
Improving quality and interoperability of information on beneficiaries of EU funds	Implementing new provisions in CAP, CPR, RRF to enhance quality and interoperability of data collected by Member States Expanded FTS database with indirect management projects	With the adoption of the CPR, CAP, RRF proposals July 2021
Leading the enforcement and implementation of the new conditionality Regulation for the protection of the EU budget	Publication of Guidelines to facilitate the implementation, including methodology for carrying out the Commission assessment	End of 2021 / beginning of 2022

Other important outputs

Output	Indicator	Target
Risk management related to the borrowing and lending activities	Implementation of dedicated governance, risk management policies and procedures for B&L operations	Full implementation throughout the year (100%) Development of the policies/procedures - 30/5/2021 (i.e. for the start of the implementation of NGEU)
Handling of specific COVID related risks	Review in the context of the annual risk assessment exercise and monitoring during the year as necessary	31/12/2021

General objective: 5: PROMOTING OUR EUROPEAN WAY OF LIFE

Specific objective: 5.3. Promote strong enforcement culture to protect the EU budget, including the revenue side

*Related to spending programme(s)
ALL*

Main outputs in 2021:

Other important outputs

Output	Indicator	Target
Continue cooperation with Member States (in coordination with ESTAT and TAXUD) on remote-inspection framework Ensure all Member States included in the inspection programme undergo inspections due in 2021 (on-the-spot or remotely)	Degree of completion of agreed programme of inspections.	100%
Inspections on simplified VAT and plastics-based OR	Establishment of new control framework for simplified VAT-based OR and plastics-based OR, including involving relevant expert group/committee and control guidelines	New framework established by December 2021
Customs enforcement strategy	Rollout of the strategy for EU27 and UK in 2021	First semester 2021
Assessment of TOR write-off reports (in coordination with TAXUD, OLAF and LS)	Timeliness and quality of assessment of Member States' write-off reports and related financial impact	All irregular TOR write-off amounts are made available to the EU budget
Brexit reporting	Delivery of the various reports required during 2021 This includes repost on amounts owed to/from UK in respect of share of liabilities under financial instruments/budgetary guarantees	First deadline 31/03/2021
Modern and efficient management of Member States' own resources payments – TOR	Timely and accurate collection of OR contributions and related payments	100%
	Opinion of the Court of Auditors	Positive opinion
Launching infringement procedures against MS in breach of own resources rules	Adoption by the College of the relevant documents: Letter of formal notice, Reasoned Opinion, Referral to Court	To be achieved each year

General objective: 7: A MODERN, HIGH PERFORMING, SUSTAINABLE COMMISSION

<p>Specific objective: 7.1. Act as a centre of excellence and trusted partner for Commission services, other institutions, agencies and bodies, Member States and beneficiaries regarding:</p> <ul style="list-style-type: none"> • high performing financial governance, single (simplified) rulebook, transparency, smart reporting and derived intelligence, single audit approach, compliance and accountability • modern, sound and efficient management of accounts, treasury, financial risks and corporate financial and contract management IT systems • stronger central oversight and management of debt, asset, and contingent liabilities in view of ensuring sustainability of the EU budget • performance optimisation through developing, implementing, monitoring and evaluating policies in an evidence-based, transparent and collaborative way with stakeholders and experts • robust internal control that helps the Commission to achieve its objectives and sustain operational and financial performance. 	<p>Related to spending programme(s) ALL</p>
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Main outputs in 2021:

Other important outputs

Output	Indicator	Target
Revision of the Financial Regulation	Legislative proposal for punctual revision of the Financial Regulation to bring it in line with the result of the MFF 2021-2027 negotiations	Commission proposal 2 nd quarter 2021
Executive Agencies delegation package	Adoption of single establishment act and delegation instruments and then revision of the executive agencies guidelines	Commission decision 1 st quarter 2021
Model Financial Regulation for Joint Undertakings	Revision of the Model Financial Regulation in the light of the adoption of the Single Basic Act for Joint Undertakings	4 th quarter 2021
Deliver EU, Commission, EDF and other accounts on time and to a high quality, as well as providing prompt, high quality guidance & support to all EU entities on accounting matters	Annual accounts adopted on time by the Commission and by relevant other authorities & positive DAS on annual accounts from ECA	30 June 2021
Provide authorising departments with constantly updated information on the financial situation of debtors, riskier beneficiaries and contractors	Weekly report on financial situation of debtors and riskier jurisdictions.	30 September 2021
Monitor that AODs establish receivable amounts timely	Set up monthly monitoring establishment of amounts receivable from OLAF	30 March 2021
Commission corporate risk-based	Monitoring on the timely	31 December 2021

policy for the management of recoveries; recovery performance yardstick	processing of Recovery Orders throughout the Commission Annual clearing Commission decision	
Based on lessons learnt from its own assessment and from the European Court of Auditors, engage in structured dialogues with some DGs to define appropriate solutions (simplification of rules, more efficient ex-ante/ex-post controls, improving performance aspects)	Steering the structured dialogues by organising working groups with the relevant DGs	1 st half of 2021
	Ensuring that concerned DGx establish appropriate action plans	1 st half of 2021
Coordination and modernisation of financial management across the Commission Promote simplification, coherence and sound financial management within the existing legal framework Professionalization of financial community Participation in the corporate internal communication campaign on the modernisation of our ways of working	Providing coordination and guidance on the application of financial rules to ensure appropriate control and efficiency in the implementation of the EU budget (via the Inter DG-networks, learning activities, SFC helpdesk, Financial Regulation's Annotations, BudgWeb, communication campaign and issuance of guidance for budget implementation)	Throughout the year
Promote and nurture a strong internal control culture	Facilitate sharing of good practice across the Commission	At least 3 Network meetings during 2021
	Provide guidance and feedback on the implementation of the ICF	Continuous action
Modernisation of the internal control monitoring and reporting tools (CENTRICS)	Development of the reporting tool based on DEVCO's EAMR	Development of the tool (by DEVCO) by 31/12/2021
Contribute to corporate oversight for effective risk management	Information of the College of the critical risks identified for 2021 and the mitigating measures (to be) taken	31/01/2021
	Sound assessment and management of critical risks, with a continued attention to COVID-specific risks	31/12/2021 (assessment of critical risks for 2022)
Implementation of the new Corporate Finance Platform SUMMA to maintain a modern and high quality Information System	Complete the Solution Build for the Pilot	End of Q2/2021
	Rollout of SUMMA to the Pilot Agencies	End of 2021
	Solution Design phase for the Commission specific variants is started and progresses to allow its completion in early 2022	Progress to allow completion by end of Q1/2022

	The integration of SUMMA with the other corporate systems, especially eProcurement, is defined and agreed between SUMMA and GPSB	End of Q1/2021
Business continuity (availability, reliability & security) of the BUDG corporate IT systems (ABAC, BadgeBud, EDES) and all BUDG local applications including the borrowing and lending activities	<p>ABAC and BadgeBud set up to accommodate:</p> <ul style="list-style-type: none"> - the new MFF nomenclature - NGEU - CPF - EPF and - the new Executive Agencies delegation package. <p>Availability and reliability of the IT systems</p> <p>Aligning the IT systems with legal obligations and business requirements</p>	<p>1.1.2021</p> <p>1.1.2021</p> <p>1.1.2021</p> <p>As from the go-live date foreseen in legal base.</p> <p>1.3.2021</p> <p>Continuous monitoring during 2021</p>
Ensure the budgetary financial year transition	Timely opening in ABAC of the budget year (appropriations + RAL)	Interruption of payment operations not to exceed 7 days. Complete carry-forward expenditure by 14 January
Validation of local systems	<p>Timely evaluations according to the Work Programme</p> <p>Provide reasonable assurance that local systems transmit accurate, complete and timely information to draft the annual accounts and produce reliable reporting, both for management and regulatory compliance purposes</p> <p>Effective multiannual validation cycle</p> <p>Annual Report on Validation of Local Systems for ensuring financial data quality</p>	<p>Completion of the validation engagements in accordance with the Work Programme at year end</p> <p>Supervisory checks on all Commission services and EU bodies under the responsibility of the Accounting officer throughout the year</p> <p>Calculation of risk score throughout the year</p> <p>Conduct validation engagements in each Commission service at least once every four years</p> <p>Annual report, in the first quarter of the next year (N+1)</p>
Full execution of budget payments to ensure credibility and achievement of all policy objectives	<p>All authorised payments executed without delay</p> <p>Centralisation of local payment in EU Delegations</p>	<p>31/12/2021</p> <p>Q3 2021</p>

Strategic communication outputs

General objective: 3. An economy that works for people		
Main outputs in 2021:		
External communication actions		
Output	Indicator	Target
Revamped EU budget website on Europa	a. Number of visits [web analytics]	a. 300 000
	b. Number of visitors identified by browsers [web analytics]	b. 250 000
	c. Number of page views [web analytics]	c. 600 000
Production and publication of the AMPR	Number of readers of the publication or online readers [EDICS, OP orders, REPS]	500 on line
Production and publication of the IFAR package including the brochure	Number of readers of the publication or online readers [EDICS, OP orders, REPS]	300 on line
Coordination of communication activities	Smooth running of communication activities; timely submission of quality documents	Continues
Production and publication of EU budget at the glance	a. Number of readers of the publication or online readers [EDICS, OP orders, REPS]	a. 4 000
	b. Percentage of publications produced in more than one linguistic version (at least 20%)	b. 24 languages
Production and publication of the myth busting material	a. Number of readers of the publication or online readers [EDICS, OP orders, REPS]	a. 500
	b. Percentage of publications produced in more than one linguistic version (at least 20%)	b. 24 languages
Communication material on the budgetary decisions (e.g. Draft budget, Discharge, IFAR, DABs...) such as press releases, memos, LLT, Q&A	Number of online views of media releases [web analytics]	300 on line
Communication campaign around revamped MFF proposal and Recovery instrument (Press material; Technical briefings; Factsheets; Articles; outreach)	Number of online views of media releases [web analytics]	3 000
EU budget Twitter account	a. Number of impressions	a. 100 000 impressions per month

	b. Number of followers / fans / subscribers	b. 20 000
	c. Number of posts	c. 5 per week
Speeches for the Commissioner	Quality and timeliness of drafts	Deadlines respected
Director General' Twitter account	a. Number of impressions	a. 150 000 per months on average
	b. Number of followers / fans / subscribers	b. 3 000
	c. Number of posts [social media metrics]	c. 5 per week
Revamped manual of procedures	All internal BUDG procedures updated and published on BUDGnet	1st Q of 2021
	Nb of trainings delivered	10
Coordination of inter-institutional activities (GRI, EXCO, EP questions, national parliaments opinions, consultative committees)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents
Coordination of internal procedures (legislative coordination, comitology, briefings, access to documents, citizens questions, ombudsman, corporate management board)	Quality in the running of procedures and respect of deadlines in the submission of quality documents	Smooth running of procedures; timely submission of quality documents

General objective: 5. Promoting our European way of life

Main outputs in 2021:

External communication actions

Output(s)	Indicator(s)	Target(s)
Coordination of communication activities on the rule of law and conflict of interest	No incidents	0
Promotion of the Financial Transparency System	Number of visitors on the FTS web page	5 000
Presentations delivered via Visitor Centre	Number of presentations	20

General objective: 7. A modern, high performing, sustainable Commission

Main outputs in 2021:

Internal communication

Output(s)	Indicator(s)	Target(s)
Communication activities as domain leader on financial management	Number of RUF meetings Number of RUF newsletters	At least 10 10
Promotion of SUMMA and SEDIA (E-grants, E-procurement)	Articles on BUDGWEB	3 per year
Promotion of BUDG related initiatives	Number of articles on Intracomm	At least 5
BUDGTimes Newsletters	Regular weekly publication	> 90%
	Openings per issue	> 428 (85% of all staff)
	Unique clicks per issue	> 377 (75% of all staff)
	Unsubscribe rate	< 5% of all staff
	Spam complaint rate	< 5% of all staff
BUDGnet own content and web site administration	BUDGnet publications about management, staff, project teams and internal networks	At least two per week
Lunchtime presentations and learning seminars	Organisation and communication of BUDG lunchtime conferences and learning activities	At least 8 lunchtime conferences
Newcomers seminars	Number of sessions	At least 8
Internal communication network (Spokes4BUDG)	Number of meetings	4
	Number of articles submitted by Spokes4BUDG"	2 per month

PART 2. Modernising the administration: main outputs for the year

A. Human resource management

Objective: DG BUDGET 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

Main outputs in 2021

Output(s)	Indicator(s)	Target(s)
First female appointments to middle management positions	Number of first female appointments to middle management positions	2
Increase BUDG staff engagement	DG BUDG staff engagement index	≥75%
Promotion of equal opportunities	% women in management positions	≥45%
Sound allocation of human resources ensuring effective and efficient operation of the DG	Occupation rate of posts in the DG	>95%

B. Sound financial management

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

Main outputs in 2021:

Output(s)	Indicator(s)	Target(s)
Effective controls: Legal and regular transactions	Risk at payment	Remains <2% of relevant expenditure. <1% of revenue
Efficient controls	Budget execution Time-to-pay	Remains at 95% of commitment appropriations. More than 95% of payments (in value) on time.
Economical controls	Overall costs of controls (%) 1) Administrative expenditure implementation 2) Own Resources collection	1) <2% of funds managed 2) <0.01% of funds managed
Effective controls – Safeguarding and efficient management of assets (financial)	1) Implementation of financial investments according to established asset management guidelines; 2) Performance compared with relevant financial market benchmarks	1) 100% compliance with guidelines 2) Performance in line with relevant benchmarks (long run)

C. Fraud risk management

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)¹¹ aimed at the prevention, detection and correction¹² of fraud

Main outputs in 2021:

Output(s)	Indicator(s)	Target(s)
Updated DG BUDGET Anti-Fraud Strategy	Updated anti-fraud strategy, elaborated on the basis of the methodology provided by OLAF	Finalisation of the updated AFS by 30/06/2021 and provision of training on the Commission and DG BUDGET's Anti-Fraud Strategy by 31/12/2021.
Actions are implemented as described in the Anti-Fraud strategy	Degree of implementation	100%

¹¹ Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM (2019) 196 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD (2019) 170 – 'the CAFS Action Plan'.

¹² Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

D. Digital transformation and information management

Objective: DG BUDGET 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

Main outputs in 2021:

Output(s)	Indicator(s)	Target (s)
Implementation of SUMMA project	Degree of implementation of the digital solutions modernisation plan ¹³	Roll out of SUMMA for the whole Commission end 2023.
Implementation of principles of data governance for BUDG Key data assets	Percentage of DG BUDGET key data assets for which corporate principles for data governance have been implemented	80%
Awareness raising amongst staff on data protection rules	Percentage of staff attending awareness raising activities on data protection compliance	>30% of staff
Ensuring active knowledge management in BUDG: implementation of the new BUDG Knowledge Management System BUDGpedia.	Degree of Implementation of the new BUDG Knowledge Management System- BUDGpedia.	<p>High level overall BUDGpedia structure adopted on web-portal in Q1 2021.</p> <p>Finalised Pilot Project, encompassing online dissemination via the BUDGpedia portal and structured document management on one key topic, accessible in Q3 2021.</p> <p>High level implementation of all topics on the BUDGpedia structure up to level 2 will be available online in Q1 2022.</p> <p>New system in operation integrating BUDGweb and BUDGnet in 2023.</p>
Effective implementation of e-Domec rules	% documents filed	Two meetings with Document Management Correspondents per year, 75% filed timely throughout the year, 100% by year-end.

¹³ 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

E. Sound environmental management

Objective: DG BUDGET takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main results and outputs in 2021:

Output	Indicator	Target
<p>Promote staff awareness actions :</p> <ol style="list-style-type: none"> 1) about optimal energy use and “switching off, when not in use”, in line with DG BUDGET’s EMAS action plan. 2) about sustainable commuting during EU Mobility week (September) and VéloMai 2021. 3) on waste reduction and the use of plastics and on art exhibitions 	<p>N° of staff informed</p> <p>N° of DG BUDG participants</p>	<p>Address all staff</p> <p>More participants than in 2020</p>
<p>Monitor DG’s energy consumption:</p> <ol style="list-style-type: none"> 1) in collaboration with OIB; and communicate observed trends to staff (once per year), based on verified data from Commission’s Environmental Statement (2019 data – per building). 2) Participate in the end of the year energy saving action, by closing down DG’s buildings during the Christmas and New Year’s holiday period (+ week-ends). 	<p>N° of staff informed</p> <p>N°. buildings participating in the action</p>	<p>Address all DG</p> <p>Reduce energy consumption</p> <p>-1% in total energy consumption</p>
<p>Paperless working methodologies at DG:</p> <ul style="list-style-type: none"> • financial circuits are already 100% electronic, • E-signatories are largely applied and will be further encouraged. 	<p>Statistics</p>	<p>Address all staff</p>
<p>DG BUDG improvement of facilities:</p> <ol style="list-style-type: none"> 1) In order to meet the local cyclists’ needs, DG BUDGET is providing 249 new bicycle-parking facilities, 248 lockers and 6 showers, in collaboration with OIB. 2) The new collaborative space will allow a gradual increase of VC-facilities in the DG 	<p>N°. of bike parking facilities</p> <p>N°. of VC facilities</p>	<p>Implement action plan</p> <p>Increase</p> <p>All meeting rooms (centralised by SCIC)</p>
<p>Conduct an analysis of DG’s carbon footprint related to missions (as part of the corporate analysis) and optimise DG BUDGET’s missions accordingly (e.g. optimise the number of participants, promote the use more sustainable travelling options, and promote the use of videoconferencing).</p>	<p>Statistics</p> <p>N° of staff informed</p>	<p>Reduce DG CO2 emissions from missions</p>