



**Economic  
and Financial Affairs**

DIRECTORATE • GENERAL

**DG Economic and Financial Affairs  
2014  
Management Plan**

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# **1. Mission statement**

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

\* \* \* \* \*

In pursuing this mission, our core objectives are:

- to ensure a smooth functioning of the EU's Economic and Monetary Union, in good times as in times of crises;
- to prepare the gradual enlargement of the euro area;
- to identify economic and financial challenges at an early stage, to effectively deal with and mitigate risks, and to make the EU economy more resilient to shocks. In this context, we undertake surveillance of Member States' economies, on the basis of preventive and corrective tools enshrined in secondary legislation, to promote fiscal sustainability and the avoidance of internal/external macroeconomic imbalances. We also support efforts to safeguard financial stability by establishing and operating an effective system of macro-prudential supervision;
- to support economic prosperity, growth and stability not only within the EU but also at the international level by shaping global economic governance and EU international economic relations with a view to advancing EU interests and putting in place an efficient and robust policy framework conducive to a sustainable and balanced growth of the global economy, supported by an efficient and stable international monetary and financial system;
- to promote economic and financial efficiency in the design of other EU policies and in the functioning of a broad range of markets, with a particular attention to addressing innovation, growth and global challenges like climate change;
- to promote the design and efficient implementation of financial instruments to promote growth and employment through the blending of EU budgetary resources with the balance sheet capacity and expertise of the European Investment Bank (EIB), European Bank for the Reconstruction and Development (EBRD), national public institutions and International financial institutions (IFIs);
- to provide a thorough reassessment of the institutional framework underpinning EMU required in order to achieve a genuine and well-functioning EMU in the light of the experience of recent years.

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

In pursuing our objectives, we act under the responsibility of the Vice President for Economic and Monetary Affairs and the Euro and the College of Commissioners and cooperate closely with other Commission Services. Our main stakeholders are the Council of Economics and Finance Ministers in the EU (ECOFIN-Council), the Eurogroup and the European Parliament. Other major interlocutors within the EU are Member State authorities and the European Central Bank (ECB). At the international level, we work closely with partner third countries and relevant international bodies, like the G8, the G20, the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD). Within our means, we strive to strengthen the EU's influence in international economic and financial matters by achieving a high degree of coordination of Member States' positions and by promoting a single EU voice. We interact with the academic community, market analysts and professional economists to foster EU positions and feed the debate on a broad range of economic policy issues.

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

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

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

We also design and implement, in close cooperation with the EIB, EIF (European Investment Fund) and EBRD, EU-driven investment financing programmes and undertake financial assistance programmes, financial market operations and manage the treasury and assets on behalf of other Commission Services.

We design and implement large-scale macro-financial assistance programmes (often in cooperation with the IMF and the World Bank) to support Member States and partner countries facing severe financial or balance of payments difficulties. For some euro area countries subject to macroeconomic adjustment processes, we coordinate the provision of technical assistance through the Task Force for Greece and the Support Group for Cyprus.

## **2. This year's challenges**

### **To support the incipient recovery**

**The European Union has reached a turning point in the crisis**, with economic growth slowly returning. The incipient recovery is expected to continue and become more robust in 2014 and 2015. At the same time, the first signs of rebalancing in the EU economy are visible and a number of important macroeconomic imbalances are being corrected. However, the recovery is still modest and fragile and our attention should now turn to the policies to strengthening it. It is vital to keep the momentum and continue with the implementation of agreed measures and reforms at EU/EA and national level to ensure sustainable economic growth, high level of employment, stable public finances and financial stability.

In the pursuit of DG ECFIN's mission of raising the economic welfare of the citizens in the EU and beyond, **the main challenge in 2014** is to protect and strengthen the economic recovery. Risks linked to lack of confidence in banking sector resilience and high sovereign debt are still present. Furthermore, the deleveraging needs in the public and private sector, fragmentation of financial systems and credit markets, sectoral adjustments and high unemployment will continue to weigh on the economic growth in the coming year. Its impact will gradually subside as accumulated macroeconomic imbalances are corrected. Improvements in the labour market will take time to materialise, with unemployment expected to remain unacceptably high in many parts of Europe for some time to come, and the broader social situation remains depressed.

The focus in the past was on fighting the crisis including through a strong concentration on fiscal consolidation, with the aim of ensuring the access of sovereigns to financial markets and systemic confidence in the single currency. After these significant efforts and the improved growth outlook the pace of consolidation can now slow down, giving Member States more room for manoeuvre. The main challenges for 2014 are first, to ensure the continuation of reforms to improve our competitiveness and to secure a lasting recovery. Secondly, we need to make a success of the new instruments for economic governance in EMU and complete the work we have begun on deepening the Economic and Monetary Union: combined this will form an invaluable contribution to further strengthening confidence, ensuring stable finances, continuing the reduction of debt and sustaining recovery.

**The actions to be taken in the year ahead** will build on the achievements we have made in the past. These actions will be undertaken against the background of the Blueprint on a deep and genuine EMU of November 2012, where the Commission set out the concrete elements required for a fiscal union, economic union, banking union and political union.

Significant progress has been made in further strengthening the **Economic and Monetary Union**. We have reinforced the economic governance framework by the legislation of the 'six-pack', followed by the 'two-pack', which entered into force in May 2013. The new 'two-pack' rules on the coordination of budgetary policies in the euro area were used for the first time in autumn 2013 to review Member States' budgetary plans. It was assessed whether the budgetary plans included the necessary measures to achieve the objectives agreed at EU level, before the adoption of the budgets by the national parliaments. National fiscal frameworks have also been significantly strengthened through e.g. the establishment of independent fiscal bodies, the setting up of fiscal rules, and the implementation of important fiscal reforms in a difficult economic environment. This has helped to stabilise the increase in debt levels and has improved financial markets' perceptions of the sustainability of public finances. In fiscal consolidation, more focus is needed on the quality of spending, including the efficiency of public administration, and the growth-friendliness of expenditure and revenue structures.

In 2014 DG ECFIN will work to ensure full and proper use of the strengthened governance framework, and will continue its work towards completing the architecture of Economic and Monetary Union. This may include follow-up work on the proposals for ex-ante coordination of plans for major economic policy reforms and a Convergence and Competitiveness Instrument, in preparation of the October European Council, and the results of the expert group on debt redemption fund and eurobills which will report in spring 2014.

DG ECFIN will continue the work on strengthening the financial sector. Despite the fact that financial markets have calmed down, bank lending remains depressed. We must ensure macro-financial stability and work in order to restore confidence, stability and sustainability in the financial markets. We will do this by devising and helping with the implementation of appropriate policy responses in order to limit the impact of the financial crisis on the real economy of the EU. Crucial in the short term will be to reduce high corporate and household debt, to build banks' buffers ahead of the Asset Quality Review (AQR) scheduled for November and to find alternative sources of lending to companies. This is needed to stimulate the necessary productive investment that is vital to move the EU economy from fragile recovery to robust growth and job creation.

The highest priority for deepening the Economic and Monetary Union will be the completion of the banking union. The Banking Union must be built on a strong common EU rulebook and a more effective regime for supervision and resolution of banks. Significant progress has already been made in e.g. the agreement on a Single Supervisory Committee and the Commission proposals and subsequent negotiations on a Single Supervisory Mechanism. The Commission's proposal for a Single Resolution Mechanism in July 2013 includes a proposed Single Resolution Fund and is currently under negotiation with the co-legislators. A swift implementation of these initiatives is essential to ensure financial stability, to reverse the process of financial fragmentation and to restore the flow of credit to the corporate sector in the euro area. In 2014 DG ECFIN aims to make significant progress in this area in close cooperation with DG MARKT.

DG ECFIN will play an important role in promoting sound macro-economic policies in the Member States to ensure balanced and sustainable growth and job creation, and to improve sustainability and quality of public finances. This work will take place in the context of the growth and jobs strategy of the European Union, Europe 2020, and the use of the policy coordination mechanisms set out in the European semester. We have already achieved much and the benefits are beginning to show in terms of economic growth and the return of confidence. It is vital that we continue with implementing and that we keep on track. This also includes intensifying our work on tackling unemployment and the social consequences of the crisis. While unemployment has stabilised, long-term and youth unemployment levels are particularly high and the risk of poverty is rising. The consolidation of public finances in the Member States will have to continue, with stronger focus on the quality and growth-friendliness of the consolidation measures and on the efficiency of spending. This will need to be accompanied by structural reforms to support competitiveness.

DG ECFIN will continue to closely monitor the policies of countries under adjustment programmes. The economic adjustment programmes are aimed at ensuring a return to financial stability, fiscal sustainability and sound macro-economic growth. By providing financial assistance to euro-area Member States facing a severe deterioration of their borrowing conditions, and to Member States outside the euro area facing difficulties with their balance of payments, we are preserving the financial stability in the Union. The success of the economic adjustment programmes is essential to the stability of the euro area. We will contribute to positive outcomes through regular programme reviews and monitoring. Even though in 2013 Cyprus needed financial assistance, other countries are showing strength and readiness to exit their economic adjustment programmes. Spain is exiting its financial sector programme and Ireland has de facto completed the adjustment programme in December 2013 and the legal completion of the programme will be on 8 February 2014 with the end of the availability period of the EFSM. Portugal will also exit its assistance programme in May 2014 and the issue will be to devise a post-programme framework that locks in the results achieved so far. These examples show how well-targeted assistance programmes can help countries successfully return to the markets and sustain their financial needs. The economic and financial situation has stabilised in Greece, where wide-ranging reforms implemented as part of the programme are bringing increasingly visible fruits unseen for years. Greece is expected to have recorded in 2013 a government primary surplus and almost balanced external accounts, while growth should return in 2014.

**Financial operations and instruments** are an important tool to mitigate the impact of the financial instability and to strengthen competitiveness and recovery. They contribute to improving the financial environment for businesses, strengthening infrastructure, and enhancing access to finance for SMEs. For DG ECFIN this work includes co-ordination with EIB/EIF to align EIB lending with EU policy objectives, in particular regarding growth and employment.

2014 will be the first year of implementation of the new multi-annual financial framework of the European Union. In addition to projects conducted jointly at EU level to boost European-wide innovation and infrastructure, and investment capacity in support of the goals of Europe 2020, the EU budget will support reforms in Member States which were identified in the EU country-specific recommendations.

Support from the European structural and investment funds will be linked to compliance with the policy recommendations given in the context of the European Semester or of economic adjustment programmes.

The European Union, including DG ECFIN, has an important role to play in **international economic and financial affairs**. The ultimate objective of these efforts is to foster economic prosperity in the EU and in the rest of the world, while safeguarding the Union's interests. In this way we can reinforce macro-financial stability in the EU enlargement and neighbourhood countries. Our work is carried out via economic analysis, and via policy dialogue and advice on the economic aspects of the Action Plans. In addition we develop, monitor and implement macro-financial assistance for third countries, in co-operation with other international financial institutions. At the same time, the European Union - and the euro area in particular - will continue to be prominent in the emerging new system of global economic governance in which the G20 plays an increasingly central role. Within our means, we strive to strengthen the EU's influence on international economic and financial matters by achieving a high degree of coordination of Member States' positions and by promoting a single EU voice. Finally, in 2014 we will continue to ensure a strong role for the Commission in international economic and financial institutions and fora, and to strengthen the co-operation with the EBRD, the EIB, other IFIs and MDBs (Multilateral development banks).

From an institutional point of view 2014 will be a year of change, with a new European Parliament and a new European Commission. However, on the economic and financial front 2014 will be a year of completion, implementation and consolidation. DG ECFIN is committed to pursuing the objectives and actions contained in this plan and will continuously monitor their progress throughout the year. It will also contribute to the ground work on preparing the strategy of the new College in matters under its responsibility.

List of 5 Key Performance Indicators (to be discussed at peer review meetings with central services):

1. *[Related to the EMU objective of "Enhanced integrated surveillance":]* **Number of Member States in Excessive Deficit Procedure (EDP)** – see p. 16
2. *[Related to the EMU objective of "Enhanced integrated surveillance":]* **Number of Member States considered to have an imbalance under the preventive arm of the Macro-economic Imbalances procedure (MIP)** – see p.16.
3. *[Related to the EMU objective of "Macro-financial stability":]* **Level of the Euribor-OIS** – see p. 17
4. *[Related to the IEFA objective of "Macro-financial assistance":]* **Current account balance (in % of GDP) of countries benefitting from MFA support** – see p. 25
5. *[Related to internal control:]* **Number of financial exceptions** – see p. 41.

Marco Buti  
Director General

## **3. General objectives with a multi-annual perspective**

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

The steps to be taken to achieve this objective are:

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



<b>General objective: To foster EU growth, employment creation and sustainable development</b>		<input checked="" type="checkbox"/> Non-spending
Baseline 2013 (or latest available date)	Target	
<b>Impact indicator: Degree to which Member states record budgetary outturns in line with the Stability and Growth Pact</b>		
<p>The aggregated budgetary position of the 28 EU Member States in 2013 is the following according to Commission Autumn Forecasts:</p> <ul style="list-style-type: none"> <li>• a headline deficit of 3.5% of GDP</li> <li>• a structural deficit, i.e. cyclically-adjusted primary deficit net of one-offs and temporary measures, of 2% of GDP.</li> </ul> <p>In 2013, the headline government balance improved by around ½ pp. of GDP compared to 2012, after a similar improvement in 2012 compared with 2010. For 2014, a further improvement of the headline balance by around 3/4% of GDP is forecast. The structural balance is also expected to improve by ¼ pp. of GDP in 2014.</p>	<p>The preventive arm of the Stability and Growth Pact is oriented towards attainment by Member States of their medium-term objectives of budgetary positions close to balance or in surplus, which should allow them to deal with normal cyclical fluctuations while keeping the government deficit below the reference value of 3% of GDP.</p> <p>However, in the current special circumstances with a number of Member States in EDP (the corrective arm of the Stability and Growth Pact) due to deficits and debt significantly above the Treaty reference value, an important intermediate target is to correct the excessive deficit and to put debt ratios on a sufficiently declining path.</p>	
<b>Impact indicator: Potential growth/output</b>		
<p>In recent months, there have been encouraging signs that an economic recovery is underway in Europe. After contracting up to the first quarter of 2013, the European economy started to grow again in the second quarter and real GDP is set to continue growing in the remainder of this year.</p> <p>Growth in the second half of 2013 is expected at 0.5 % compared to the same period 2012 in the EU. On an annual basis, real GDP growth this year is estimated at 0.0 % in the EU and -0.4 % in the euro area. Looking ahead, economic growth is forecast to gradually gather pace over the forecast horizon, to 1.4 % in the EU and 1.1 % the euro area in 2014, reaching 1.9 % and 1.7 % in 2015, respectively.</p> <p>Internal and external adjustment in Europe is continuing, underpinned in many cases by the significant structural reforms and fiscal consolidation implemented in recent years. This has improved the conditions for domestic demand to gradually become the main engine of growth in Europe. However, against the background of a weakened outlook for emerging market economies, the return to solid growth will be a gradual process.</p> <p>Bearing in mind that it is intrinsically difficult to distinguish cyclical from longer-term developments, estimates based on the Commission's autumn 2013 forecast show potential growth recovering to around ¾ % by 2014 and just below 1% in 2015.</p>	<p>Increase in potential output growth.</p> <p>Prevent recurrence of the negative potential growth trend by promoting the implementation of growth-enhancing measures.</p> <div style="text-align: center;"> <p><i>Graph I.3: Euro Area : Various Potential and Actual Output Paths</i></p> </div>	
<p>Source: <a href="#">Autumn 2013 European Economic Forecast</a>, published on 5th November 2013.</p>		

### 3.2. Objective "To promote prosperity beyond the EU"

The major areas of DG ECFIN activity relate to:

1. Furthering the enlargement process of the EU by
  - assessing candidate and potential candidate countries' economies including their compliance with the economic accession criteria defined by the Copenhagen European Council;
  - preparing pre-accession countries for future participation in EMU upon accession by the means of the annual economic and fiscal surveillance procedure;
  - strengthening the pre-accession and Stabilisation and Association process in the candidate and potential candidate countries by providing economic and financial analysis and policy advice, by holding regular economic dialogues, and by preparing bi-annual economic forecasts.
2. Fostering the implementation of the EU Neighbourhood Policy and specific policy initiatives towards the neighbour regions (Eastern Partnership, Union for the Mediterranean) by deepening economic analysis and strengthening policy dialogue and advice on the economic aspects of the Action Plans and Association Agendas.
3. Developing, monitoring and implementing macro-financial assistance for partner third countries, in co-operation with the relevant international financial institutions.
4. Developing the EU's economic policy regarding third countries, notably by:
  - providing economic monitoring and analysis and policy advice as well as conducting economic dialogue with G20 non EU countries as well as other EFTA, Latin America, Gulf Co-operation Council, Asian and African major partners;
  - providing economic analysis and policy advice on EU development policies in favour of third countries and post-2015 development agenda.
5. Strengthening the external representation of the EU, in particular by reinforcing the role of the Commission in line with the TFEU, in international economic and financial institutions and fora and preparing common positions on issues related to the international monetary system, global surveillance, debt strategy and development and other global issues.
6. Strengthening co-operation in the external field with the EBRD, the EIB, other IFIs and MDBs by (a) actively participating in the governing bodies of the two former while fostering overall EU coordination, (b) co-chairing and driving the work of the "EU Platform for blending in external cooperation" and (c) improving in general the delivery of aid and support to the external world from IFIs and MDBs in support of EU policies in close cooperation with DEVCO, ELARG and EEAS, including through joint instruments.

<b>General objective: To promote prosperity beyond the EU</b>	
<input checked="" type="checkbox"/> Non-spending	
Baseline 2013 (or latest available date)	Target
<b>Impact indicator: Progress in countries' compliance with the economic Copenhagen criteria for accession</b>	
Compliance with criterion of "being a functioning market economy": Turkey and Iceland, meet the criterion, other pre-accession countries do not yet comply.	Full compliance
<b>Impact indicator: Countries benefiting from macro-financial assistance achieve a sustainable macro-economic situation</b>	
The global financial crisis has continued to challenge the economic stabilisation and external and internal sustainability in a number of countries in the European Union's neighbourhood. For the Union's Mediterranean neighbours, the impact of the global crisis is compounded by specific regional challenges. Some of these countries have requested EU financial support and other may require it in the near future. The Commission has started the implementation of a macro-financial assistance to Jordan and is preparing a legislative proposal for Tunisia. More such operations could be launched in the near future, including the one for Egypt. In the Union's Eastern neighbourhood, the implementation of a programme for Ukraine is expected to start in 2014 provided that the country reaches a new understanding with the IMF on a financing arrangement. Other countries with a vulnerable balance of payments position and financing arrangements with the IMF may follow in 2014.	Benefiting countries have seen an increase in their official exchange reserves

## **4. Operational activities**

### **Activity "Economic and Monetary Union"**

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

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

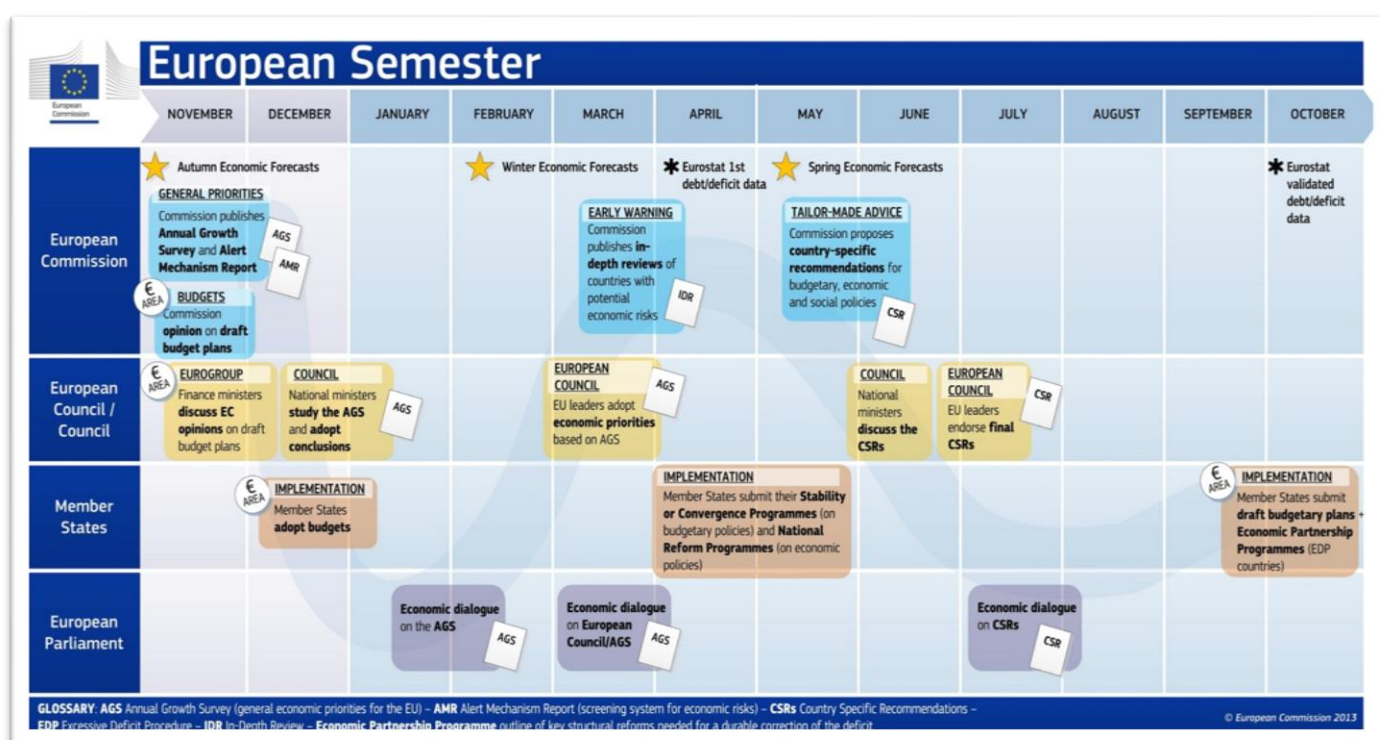
While the benefits of the euro during its first decade of existence were tangible and real for everybody in terms of low and stable price inflation and considerable job creation, the economic crisis a decade later has taken its toll on employment. It also brought into light the weaknesses and gaps in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

In addition to the two-pack regulation, significant progress has also been made on many other areas laid out in the Communication on a Blueprint for a deep and genuine EMU. In the short term the key priority is completing the Banking Union, and here significant progress has been made in e.g. the agreement on a Single Supervisory Committee and the Commission proposals and subsequent negotiations on a Single Supervisory Mechanism. Furthermore, ECFIN will carry forward work on strengthening the Economic Union, with the objective of taking decisions in December on the main features of contractual arrangements and of associated solidarity mechanisms which could then be developed in 2014. The Commission has also established an Expert Group to deepen the analysis on the possible merits, risks, requirements and obstacles of partial substitution of national issuance of debt through joint issuance in the form of a redemption fund and eurobills. This group has started working and will present its final report in spring 2014. Finally, in 2014 the Commission will come forth with further ideas on the future of the Union and on how best to consolidate and deepen the community method and community approach in the longer term.

ABB activity: Economic and monetary union					
Financial resources (€) in commitment appropriations			Human resources		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
11.000.000	-	11.000.000	388	63	451

The European Semester represents a yearly cycle of EU economic policy guidance and country-specific surveillance. Each year the European Commission undertakes a detailed analysis of EU **Member States' programmes of economic and structural reforms and provides them with** recommendations for the next 12-18 months. This is particularly relevant for the objectives related to Economic governance, Enhanced integrated surveillance, Financial Assistance to Member States and Analytical support and tools for integrated surveillance and EU policies (forecasts) described below.

Intervention logic for Coordination of economic and fiscal policy planning<sup>1</sup>:



<sup>1</sup> [http://ec.europa.eu/economy\\_finance/economic\\_governance/the\\_european\\_semester/index\\_en.htm](http://ec.europa.eu/economy_finance/economic_governance/the_european_semester/index_en.htm)

**Relevant general objective: To foster EU growth, employment creation and sustainable development**

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

Non-spending

**Result Indicator 1 : Level of general government sector debt**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
12 Member States are under the 60% debt level of GDP in 2013	<p>Source: <a href="#">COM(2013) 900 final</a>, Annex 1, p.4.</p>	All Member States reach the level of 60 % debt or are compliant with debt benchmark.

**Result Indicator 2 : Percentage of Country Specific Recommendations (CSR) which have been partially or completely complied with**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In 2013 there has been some or full progress on 66% of the CSRs	NA	To achieve partial or complete implementation by 2020

**Main outputs in 2014**

Description	Indicator	Target
The Commission will further develop the modalities and scope for increased ex ante coordination of plans for major economic policy reforms and installation of contractual arrangements and associated solidarity mechanisms.	Adoption or delivery	December 2014
Formal assessment on the transposition of the Council Directive 2011/85/EU on requirements for budgetary frameworks.	Internal assessments prepared for all 28 MS	December 2014
Reporting on the transposition of the Fiscal Compact part of the intergovernmental Treaty on Stability, Coordination and Governance in the EMU	Report prepared on the transposition by the Contracting Parties bound by the Fiscal Compact	December 2014
Review of the 6 pack	NA	14 December 2014
Review of the effective action methodology used to assess compliance within the framework of the EDP	Note to EFC/Council	January/February 2014
Horizontal Assessment of Stability and Convergence Programmes	Note to EFC/Council	Spring Council (July 2014)

Methodological developments of the SGP	Notes to the EFC	1 <sup>st</sup> half of 2014
Communication on 2015 Draft Budgetary Plans of the EA: overall assessment	Note to EWG/EG	Autumn meeting (November 2014)
Assessment of fiscal sustainability and government debt projections over the medium/long-term as part of the European semester surveillance	Incorporation in the SWDs assessing the SCPs	May 2014
Review of the application of the MIP regulation (Article 16) and production of a MIP operational manual	Input to the report for the review of the MIP regulation taking place in December 2014	December 2014
Ex ante coordination of structural reforms	EAC and indicators for the strengthened economic policy coordination. Finalisation of the pilot exercise in the EPC and further work in some policy areas depending on the mandate of the European Council	March 2014

<b>Relevant general objective: To foster EU growth, employment creation and sustainable development</b>		
<b>Specific objective EMU.2: "Enhanced Integrated Surveillance": To promote the pursuit by Member States of sound macro-economic policies to ensure balanced and sustainable growth and to improve sustainability and quality of public finances, within the context of the EU 2020 strategy and the European Semester.</b> <input checked="" type="checkbox"/> Non-spending		
<b>Result indicator 1: Number of Member States in Excessive Deficit Procedure (EDP)</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
16 out of 28 MS were in EDP (57%) at the end of 2013.	5 MS have deficit correction deadline of 2013; 2 MS have deadline of 2014; 6 MS have deadline of 2015 (inc. UK: financial year 2014/15); 3 MS have deadline of 2016	0 MS in EDP by 2017 <sup>2</sup>
<b>Result indicator 2: Number of Member States considered to have an imbalance under the preventive arm of the Macro-economic Imbalances procedure (MIP).</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
11 MS in the preventive arm of the MIP at 28.11.2012	Publication of IDRs <sup>3</sup> in Spring 2014	0 MS when all countries in the EU are at internal and external balance
<b>Main outputs in 2014</b>		
Description	Indicator	Target
Assessment of Stability and Convergence Programmes	Note to EFC/Council	Spring council (July 2014)
Assessment of compliance with SGP based on autumn forecast	Note to EFC/Council	Autumn Council (July 2014)
14 publications: labour Market Development Report, energy dependency, MIP publications (Cyclically adjusted current accounts (CACA's) and sectoral REERs), structural reforms assessment, Labour Market in Spain	14 publications completed	Q4 2014
2 Databases: MIP support page and scoreboard	Number of databases updates: 2	Q4 2014
1 Conference: LIME workshop	Number of conferences organised: 1	Q4 2014
2 external studies: External study to Assess the financial situation of state-owned enterprises in the energy and railway sectors, External study on Cost effectiveness of support to electricity generation (Assessment of energy subsidies in 5 Member States)	Number of studies completed: 2	Sept 2014
EPC/LIME contributions: housing monitor and incentives, thematic reviews, Ex ante coordination, Non-price competitiveness (quality of exports), bankruptcy legislation, MIP scoreboard revision, labour market monitor, analysis of social outcomes, CA and financial integration financial and external sustainability, Households balancesheet analysis	Number of meetings: (11+6)	End 2014
In Depth Reviews	Completion of the IDRs	Mar-14

<sup>2</sup> However, this should not be misunderstood as a "COM performance target". COM has to implement the rules of the Stability and Growth Pact. Therefore, interpreting this as a COM performance target would give COM an incentive to be lenient on fiscal surveillance. In addition, while MS are responsible for their fiscal policy, governments do not have full control over the business cycle, so deficit correction deadlines might be missed despite effective action having been taken by national governments. In those cases, deadlines can be extended.

<sup>3</sup> In-depth Review



<b>Relevant general objective: To foster EU growth, employment creation and sustainable development</b>		
<b>Specific objective EMU.3: "Macro-financial stability": To promote macro-financial stability and to restore confidence, stability and sustainability in the financial markets by devising and help implementing appropriate policy responses in order to limit the impact of the financial crisis on the real economy of the EU.</b> <input checked="" type="checkbox"/> Non-spending		
<b>Result indicator 1: Level of the Euribor-OIS<sup>4</sup></b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In early July 2013, the Euribor-OIS spread stood at 12 basis points. For reference, at the peak of the banking crisis (Oct. 2008) the spread was at 196 bps..	Current levels reflect favourable funding market conditions	Indicator returning to normal pre-crisis reference values (5 to 9 bps) by 2015
<b>Result indicator 2: Corporate bond spreads</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In early July 2013, euro area corporate bond spreads reached 57 basis points for AAA-rated companies, 93 basis points for AA-rated companies, 118 basis points for A-rated firms and 187 basis points for BBB-rated corporates.	Corporate euro area bond spreads have narrowed significantly over the last several years.	Indicator returning to normal pre-crisis reference values (around 25 and 70 bps) by 2015
<b>Result indicator 3: Itraxx default risk index</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In early July 2013, the Itraxx default risk index reached 162 basis points for senior financials and 246 basis points for subordinated financials. Both indicators peaked during the highs of the sovereign debt crisis (end-2011) at 341 bps. and 589 bps. resp.	Current levels reflect a return to more normal conditions	Indicator returning to normal pre-crisis reference values (40 and 45 bps respectively) by 2015
<b>Main outputs in 2014</b>		
Description	Indicator	Target
<p>Macro-financial stability recommendation in the context of Europe 2020.</p> <ul style="list-style-type: none"> <li>•Ensuring the implementation of goals set under Europe 2020 in order to restore macro-financial stability, growth and employment. In this context, the recommendations were given to the Member States.</li> <li>•Assessment of macro-financial stability in relation to EIP.</li> <li>•Ensuring enhanced economic, macro-financial and fiscal surveillance of vulnerable EU Member States.</li> </ul>	Adoption / delivery	December 2014

<sup>4</sup> It is the difference between the rate at which European banks lend to each other (EURIBOR) and the overnight 'risk free' swap rate (EONIA) among the same banks a 3 month period. EURIBOR (Euro InterBank Offered Rate) is an average of the rate each bank in the 43-member 'prime bank' panel reports that it would offer to the other banks. EONIA (Euro OverNight Index Average) is the average of swaps conducted between a 22 member panel at what each panel bank believes is the mid-market rate each day.

**Relevant general objective: To foster EU growth, employment creation and sustainable development**

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

**Result indicator 1: Level of support in the euro as reported by Eurobarometer, especially in the changeover countries**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In April 2013 (Flash Eurobarometer 377), a majority of respondents in NMS-7 was against the euro introduction in their own country: 45% in favour vs. 51% against. In Latvia, 42% were in favour of euro introduction and 55% were against.	To monitor the support for euro introduction in the MS with a credible target date for euro introduction and to support MS preparations.	The support for the euro introduction in the changeover country to be higher after the euro introduction than at the beginning of the information campaign.

**Result indicator 2: Number of publications (or conferences, seminars and travelling exhibitions) for euro-area and non-euro-area countries.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
More than 100 economic publications and 5 general interest publications covering both euro-area countries and non-euro area countries Brussels Economic Forum 2013, Transatlantic economic interdependence and economic challenges conference with NY Fed 6 stops of euro travelling exhibition in non-euro area countries (4 in Poland, 2 in Latvia) Euronews 'Real Economy' series in cooperation with DG COMM and other DG's	NA	100 economic publications and 5 general interest publications. In house editor has been recruited to improve drafting quality, and streamlined planning procedures has been established. Euro exhibition organised as appropriate, especially in the euro changeover context Euronews cooperation to be continued, subject to available funding

**Result indicator 3: Level of progress by non-euro-area Member States towards sustainable convergence**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In the context of the <u>Convergence Report 2012</u> , Member States fulfilled the five economic and legal criteria set out in the TFEU as follows: Bulgaria: met 3 of 5 criteria (60%) Czech Republic: 20% Lithuania: 60% Hungary: 0% Poland 20% Romania: 0% Sweden: 60% In its <u>Convergence Report on Latvia 2013</u> , the Commission concluded that Latvia fulfils all conditions for euro adoption. Based on a Commission proposal, and following the involvement of the EP, European Council and ECB, the Council decided that Latvia will become the 18 <sup>th</sup> euro area member on 1 January 2014.	Progress towards sustainable convergence as assessed in the context of the 2014 Convergence Report, subject to economic conditions	Fulfilment of all conditions for euro adoption by target date or progress towards sustainable convergence

**Main policy outputs in 2014**

Description	Indicator	Target
Convergence report 2014	Adoption	June 2014

**Relevant general objective: To foster EU growth, employment creation and sustainable development**

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

**Result indicator 1: Completed programme reviews.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
2013: In non-euro area countries two regular reviews per year but the Commission can join the quarterly IMF review missions (i.e. de-facto also 4 missions p.a.).	NA	All programme reviews completed each year as foreseen by programme

**Result indicator 2: Completed programme reviews**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
In euro area countries four regular reviews per year if the implementation runs smoothly.	NA	All programme reviews completed each year as foreseen by programme

<b>Relevant general objective: To foster EU growth, employment creation and sustainable development</b>		
<b>Specific objective EMU.6: "Analytical support &amp; tools for integrated surveillance and EU policies": "To conduct economic research and to monitor macroeconomic developments and the economic situation in the EU the euro area and member states in order to support the smooth functioning of EMU and the EU economy".</b> <input checked="" type="checkbox"/> Spending		
<b>Result indicator 1: Regular and timely monitoring of short-term economic developments, as measured by the publication of detailed business and consumer surveys result for EU MS and candidate countries</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
Commission staff publish 12 monthly press releases on latest BCS results (ESI and BCI press releases on 2 <sup>nd</sup> last working day of the reference month) and four releases focusing on quarterly developments ('European Business Cycle Indicators' published in 1 <sup>st</sup> week after the reference quarter)	NA	100% timely publication
<b>Result indicator 2: Accuracy of the forecast exercise</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
The Commission staff track record appears generally in line with that of the OECD, IMF and Consensus Economics, and in some cases better according to a December 2012 study	NA	Accuracy comparable to the accuracy of the forecasts of the other major international forecasters, such as the IMF, OECD, consensus.
<b>Main policy outputs in 2014</b>		
Description	Indicator	Target
The Commission staff publish three European Economic Forecasts per year (Winter, Spring, Autumn).	Publication of forecasts in Winter/Spring/Autumn	100% timely publication
Four quarterly and 12 monthly publications on BCS results.	Publication	Quarterly and monthly publication
Benchmark analysis of structural reform measures in all MS	Internal notes ECFIN, working papers, outside publications, presentations at conferences. Notes EPC working groups (OGWG, LIME), EWG	
Medium term projections (T+5, T+10) Dissemination of results to other DG's, e. g. DG BUDG		
Quarterly reports on the Euro Area	Publication	March, June, October and December 2014
4 publications: Research fellowships on Emu and the global economy and labour mobility in the EU: "Mapping in the new normal", Publication Effectiveness of EU Funds, Energy Economic developments in Europe, on the effect of infrastructure on economic growth	Number of publications completed: 4	Q4 2014
Databases: MICREF, labref, Spi, Laf, igrowgreen	Number of databases updated: 5	Jul-14
Conferences/workshops: 11th ARC Conference, Workshop on energy, Labour market Workshop	Number of conferences organised: 3	Q4 2014
EU policies: contributions into EU initiatives on the Commission Work programme in 2014 Vademecum on Macroeconomic Conditionality	Number of contributions and priority 1 in CWP: 13	End 2014

**Main expenditure outputs in 2014**

Description	Indicator	Target
Implementation of the BCS Programme (incl. grants to partner institutes, annual workshop, financial sector survey): around € 5 850 000 (ACUR). Two forecast experts' meetings: € 117,189.60 (ACUR) EP/Kit development, training and maintenance: €80,000 (ACUR) FDMS+ development and training: €326,000 (ACUR) Procurement of external commercial data supply services for DG ECFIN: €988,000. Number of contracts: 20	NA	100% paid or committed
External studies: Research fellowships on Emu and the global economy and labour mobility in the EU: "Mapping in the new normal"	€350,000	100% committed end 2014

## Activity "International Economic and Financial Affairs"

Over the past 50 years, the EU has achieved remarkable success in harnessing the increasing interconnections arising from globalisation and in achieving economic prosperity and stability. The EU has become one of the world's key economic players, accounting for more than 20% of global GDP and 17% of global trade flows (excluding intra EU trade), while the euro has emerged as a key international currency. As a result, many parts of the world are looking at the EU's experience in regional integration.

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

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

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

<b>ABB activity: International Economic and Financial Affairs</b>					
<b>Financial resources (€) in commitment appropriations</b>			<b>Human resources</b>		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
118.432.294	-	118.432.294	56	16	72

<b>Relevant general objective: To promote prosperity beyond the EU</b>		
<b>Specific objective: "To support the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs"</b>		<input checked="" type="checkbox"/> Non-spending
<b>Result Indicator 1 : Progress in candidate countries' accession negotiations, in particular on EMU as measured by provisional closure of EMU chapter</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target (indicate year)
MONTENEGRO  TURKEY	Further gradual approximation with the relevant acquis	Negotiation Chapter on economic and monetary policy provisionally closed.
<b>Main outputs in 2014</b>		
Description	Indicator	Target
Discussion of the Screening Report for Montenegro	Submission of the Screening Report for Montenegro to the Council	Adoption of the Screening Report by the Council

<b>Relevant general objective: To promote prosperity beyond the EU</b>		
<b>Specific objective: "To improve the EU profile, external representation and liaison with the EIB and EBRD, other international financial institutions, and relevant economic fora aiming at strengthening convergence between their strategies and operations and EU external priorities"</b>		<input checked="" type="checkbox"/> Non-spending <input checked="" type="checkbox"/> Spending
<b>Result Indicator : Progress in enhancing effectiveness of IFI and MDB financing in the external field in particular through the EIB External Mandate and the deployment of financial instruments</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
2013: Proportion of financial instruments in the external blending facilities: 7%	NA	IFIs and MDSs resources in the external field (increase >7%)
<b>Result Indicator 2 : Progress in enhancing effectiveness of IFI and MDB financing in the external field in particular through the EIB External Mandate and the deployment of financial instruments</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
a) Proportion of financial instruments in the external blending facilities: 7% b) Amount of EIB loans signed for the period 2007-2013 under the External Mandate Guarantee review c) EBRD capital review	NA	a) Increase >7% of IFIs and MDSs resources in the external field b) Annual commitment/total target for the period c) To have a proper yearly monitoring of the shareholding
<b>Result Indicator 3 : Management and provisioning of the Guarantee Fund for the External Action</b>		
Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
a) EUR 58.4 Million were provisioned to ensure target amount for the provisioning of the Guarantee Fund for the External Action b) 8 calls on the Guarantee Fund were received from the European Investment Bank (as of 11/11/2013)	a) To make a proposal in the budgetary process to ensure proper management of the provisioning mechanism in T+1 b) NA	a) To ensure that the Guarantee Fund is adequately provisioned in T+2 b) To give 100% timely instructions for the payment of the Guarantee calls

**Main outputs in 2014**

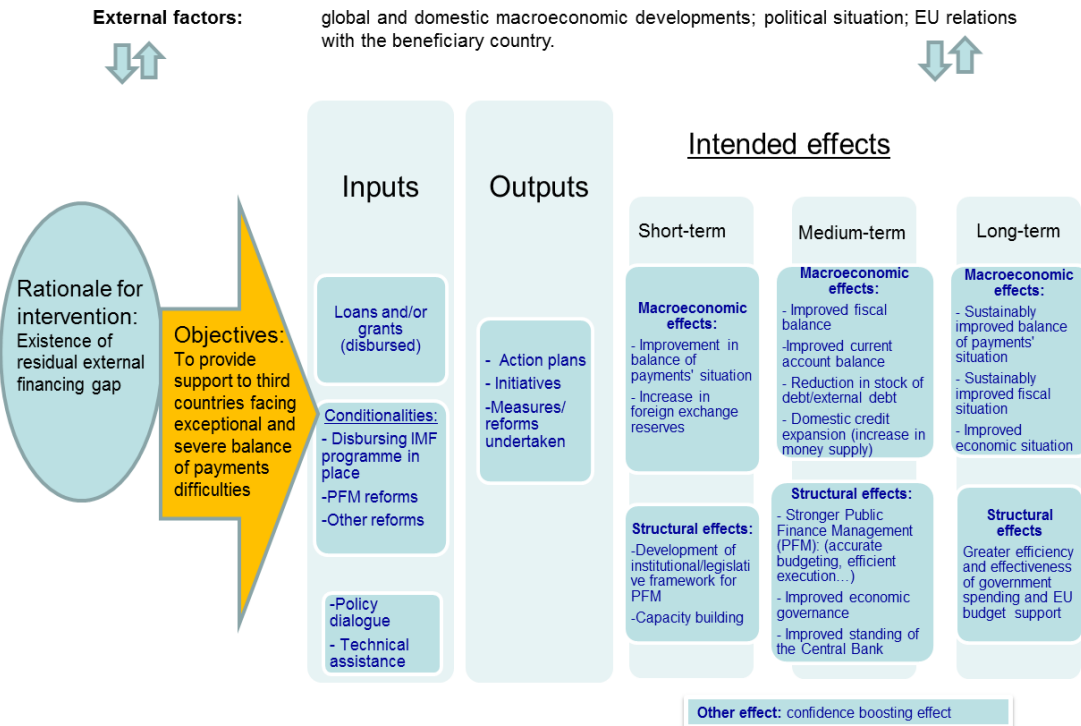
Description	Indicator	Target
a) EIB External Mandate and ancillary agreements (guarantee agreement, technical regional operational guidelines)	a) Adoption or delivery	a) June 2014
b) Implementation of financial instruments in the external blending facilities	b) Proportion of financial instruments in the external blending facilities: >7%	b) December 2014
c) Report to the European Parliament and the Council on the EIB External Activity with EU budgetary guarantee	c) Adoption by the Commission	c) December 2014
d) Report on the functioning and work of the "EU Platform for Blending in External Cooperation" after two years of operation.	d) Adoption by the Commission	d) December 2014
e) Annual report from the Commission on the Guarantee Fund and the management thereof in 2013	e) Adoption by the Commission	e) May 2014
f) Report to the budgetary authority on guarantees covered by the general budget - Situation as of 31 December 2013	f) Delivery	f) December 2014



**Relevant general objective: To promote prosperity beyond the EU**

**Specific objective: "Providing macro-financial assistance to third countries in resolving their balance of payment crises and restoring external debt sustainability"**  Non-spending  Spending

**Macro-financial assistance(MFA) to third countries - Intervention Logic**



**Result Indicator 1 : Current account balance (% of GDP)**

Countries	Baseline		*Milestones						Target 2020
	2013 (forecast)	2014	2015	2016	2017	2018	2019	2020	
Tunisia	-8.0	-6.6	-5.6	-4.7	-4.1	-3.6	-3.6	-3.6	-3.6
Georgia	-9.8	-8.8	-7.8	-7.4	-6.7	-6.7*	-6.7*	-6.7*	-6.7*
Kyrgyzstan	-6.5	-4.5	-2.7	-2.6	-2.3	-2.3*	-2.3*	-2.3*	-2.3*
Jordan	-12.1	-8.9	-5.4	-5.1	-4.8	-5.1	-5.1*	-5.1*	-5.1*

**Result Indicator 2: External debt (% of GDP)**

Countries	Baseline		*Milestones							Target 2020
	2012 (estimated)	2013 (forecast)	2014	2015	2016	2017	2018	2019	2020	
Georgia	85.0	81.5	80	77.5	76.0	76.0	76.0*	76.0*	76.0*	76.0*
Kyrgyzstan	48.1	46.8	46.2	44.5	44.8	43.1	43.1*	43.1*	43.1*	43.1*
Jordan	20.8	22.4	22.5	19.7	18.3	17.5	15.7	15.7*	15.7*	15.7*
Tunisia <sup>5</sup>	51.6	51.1	54.5	54.8	54.8	54.8	54.8	54.8	54.8	54.8*

<sup>5</sup> Tunisia is included in the table for external debt as a % of GDP (Result indicator 2), because the Commission adopted a legislative proposal for a MFA operation in Tunisia on 5 December, for which a legislative decision is foreseen in early 2014.

**Result Indicator 3 : Official foreign exchange reserves in months' imports of goods and services**

Countries	Baseline		*Milestones							Target 2020
	2012 (estimated)	2013 (forecast)	2014	2015	2016	2017	2018	2019	2020	
Georgia	3.7	3.6	3.5	3.5	3.6	3.7	3.7*	3.7*	3.7*	3.7*
Kyrgyzstan	3.7	3.8	3.8	3.9	4.0	4.0	4.0*	4.0*	4.0*	4.0*
Jordan	2.9	4.1	4.6	4.8	5.4	5.9	6.3	6.3*	6.3*	6.3*
Tunisia	8.6	9.0	10.8	11.9	11.7	13.5	13.5	13.5	13.5	13.5

**Result Indicator 4 : To provide loan funding for necessary MFA/Euratom operations**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>a) To borrow for the requested MFA and Euratom loans at a reasonable price in the market [2013 swaps +40].</p> <p>b) Borrowing, lending and management of the debt service of operations under the MFA/EURATOM facilities on time.</p> <p>c) A Euratom loan was signed in 2013 to finance the upgrade of the nuclear plants in Ukraine.</p> <p>d) To provide a MFA loan to Jordan</p>	NA	<p>a) Funding at a reasonable spread not more than swaps +50 basis point</p> <p>b) To ensure 100% timely repayment and budgetary cover if necessary</p> <p>c) To do the corresponding borrowings operations after the loan becomes available, following the corresponding request from the borrower Energoatom.</p> <p>d) To disburse the loan to Jordan on time</p>

**Main expenditure related outputs in 2014**

Output	Budget line	Draft Budget 2014	
		Number	EUR million
MFA grant commitments to third countries	01 03 02	2	60.08
Operational assessments, PEFA studies and ex post evaluations	01 03 02	4	52.16

\*The instrument of MFA is by nature a short-term crisis related instrument spanning over 2 to 3 years maximum. This means that it is not possible to quantify its specific objectives in terms of indicators/milestones beyond the horizon of the MFA operations themselves or, at most, of the beneficiary countries' programmes agreed (or to be agreed) with the IMF. Therefore, for years going beyond the MFA operation or the IMF projections, the figures reflect the latest figure available, and are marked with an asterisk.

## Activity "Financial Operations and Instruments"

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

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

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

DG ECFIN is in charge of the sound and efficient management of off-budget financial assets, on behalf of the European Commission. In this context, DG ECFIN directly manages a number of portfolios and oversees several others which have been outsourced to EIB.

2) The design and development of innovative financial instruments to support an effective implementation of EU policies in the next Multi-Annual Financial perspectives will constitute a key task to be carried out in 2014. The work will continue to focus on standardisation, simplification and effective delivery mechanisms to change attitudes and practices in the EU in order to deliver results as the share of budget delivery through financial instrument is expected to increase. The first results of the implementation of the Europe 2020 Project Bond Initiative which need to be laid down in an interim report will be essential to ensure a continued support for infrastructure investments under the Connecting Europe Facility. In addition, enhanced use of Public-Private-Partnerships (PPPs) and stimulation of long-term investment will continue to be promoted.

The current financial instruments under the Competitiveness and Innovation Programme (CIP) and its predecessor programme MAP have been designed to address the problem of access to finance by SMEs in general and the particular needs of high growth and innovative SMEs, including those involved in eco-innovation. These instruments, which within the Commission are managed by DG ECFIN, contribute to the implementation of the political priorities set out in the Commission's Europe 2020 Strategy and European Economic Recovery Plan, notably with respect to the enhancement of access to finance for small business, the Lisbon agenda, the European Charter for SMEs and the new initiatives in the areas of entrepreneurial innovation, enterprise competitiveness and industrial policy. In the next MFF, SMEs will be supported through various programmes, namely the proposed SME Initiative, the proposed Horizon 2020 programme, the European Competitiveness and SMEs Programme (COSME), and some more specific instruments such as the Student Loan Guarantee Facility and the Financial Instruments for the Cultural and Creative sectors (CCS). All those instruments will build on the experience gained with the current CIP.

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

4) Market analysis, monitoring and evaluation of EU wide developments of different types of financial instruments and financing sources is required to support the design of EU financial instruments and to further improve the regulatory environment impacting long-term finance and long-term investment through potential regulatory proposals. In 2014, specific focus will be put on the analysis of the financing of physical infrastructure, notably for transport, energy and environment. The findings are then related to estimates of investments needs and financing gaps to see where EU supporting action is required and how it should be best delivered in order to reflect EU added value.

<b>ABB activity: Financial Operations and Instruments</b>					
<b>Financial resources</b> (€) in commitment appropriations			<b>Human resources</b>		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
-	-	-	69	8	77

**Relevant general objective: To foster EU growth, employment creation and sustainable development  
To promote prosperity beyond the EU**

**Specific objective: "To promote the EU interest in the governing bodies of the EIB/EIF and strengthen the EU-EIB/EIF co-operation to ensure the alignment of EIB/EIF lending with EU policy priorities in particular within the EU"**  Non-spending

**Result Indicator 1: Implementation of ex-ante coordination mechanism between the EIB and the Commission on projects and programmes and closer cooperation with the EIB Group and other financial institutions in particular within the EU.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target
a) In 2013, 353 Commission opinions were delivered on time out of the 386 EIB projects received (ie 91%).  b) Number of transactions reviewed for the EIF Board of Directors until end of November 2013: 133.	NA	a) 100% Timely delivery of Commission opinions issued on EIB projects  b) Timely review of the transactions for the EIF Board of Directors (Forecast 2014: 192 transactions).
<b>Main outputs in 2014</b>		
Description	Indicator	Target
a) Nomination in EIF Board of Directors b) Nomination in EIF Audit Board	a) + b) Adoption	a) + b) March 2014

**Relevant general objective: To foster EU growth, employment creation and sustainable development  
To promote prosperity beyond the EU**

**Specific objective: "To improve the financial environment for business and infrastructure, promote the use and enhance the efficiency of the EU financial instruments"**  Spending

**Result Indicator 1 : Number of beneficiary SMEs receiving financial support**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>Cumulated figures for the entire programme period as of 30 June 2013 for CIP, MAP, G&amp;E, and as of 30 September 2013 for EPMF – latest available:</p> <p><b>CIP:</b> 253,932 (SMEG07: 253,607; GIF 325) (Number of final beneficiaries)</p> <p><b>MAP:</b> 234,718 (SMEG01: 234,413; ESU01: 305 (data as of June 2012 for ESU01))</p> <p><b>G&amp;E:</b> 137,172 (SMEG98: 136,860; ESU98: 312)</p> <p><b>EPMF Guarantees:</b> 6,716 micro-loans.</p> <p><b>EPMF FCP-FIS:</b> 7,134 micro-loans</p>	<p><b>CIP:</b> more than 80% of target has been reached as at 30/6/2013 (253,932/316,950); the final target is likely to be reached within a few years after signature of last agreements (first half of 2014)</p> <p><b>MAP:</b> the target has been outperformed by more than 17% (234,718/200,000)</p> <p><b>EPMF:</b> around 30% (13,850/46,000) of the target has been reached; the Facility is running as from end 2010 only, but an acceleration in the signature of new agreements has been observed in 2013, especially for the Guarantee part of the Facility, with 10 new agreements signed, leading to a total number of agreements of 40 as at October 2013; the budget allocation is envisaged to be fully used by April 2016 at the latest for FCP , and by the end of the first quarter of 2014 for the Guarantee part of the Facility, so that the Facility appears to be on track to achieve the target.</p>	<p><b>CIP</b> (target for the entire duration of the programme): At least 316,950 (as per Annex to the Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme 2007-2013, COM(2005)121 final, SEC(2005)433 dated 6/04/2005, p. 6).</p> <p><b>MAP:</b> At least 200,000</p> <p><b>EPMF:</b> (target for the entire duration of the programme) 46,000 microloans.</p>

**Result Indicator 2: Total investment/loan volume leveraged (EU + other sources)**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>Figures as of 30 June 2013 for CIP, MAP, G&amp;E, and as of 30 September 2013 for EPMF – latest available:</p> <p><b>CIP:</b> a) GIF: EUR 2,366 million (actual intermediary size); b) SMEG07: EUR 14,314.1 million (loan amount).</p> <p><b>MAP:</b> a) "ESU01": EUR 1,306.0 million (actual intermediary size); b) "SMEG01": EUR 17,118.3 million (loan amount).</p> <p><b>G&amp;E:</b> a) "ESU98": EUR 511.3 million (actual intermediary size); b) "SMEG98": EUR 17,619.9 million (loan amount).</p> <p><b>EPMF:</b> a) Guarantees: EUR 68.02 million (total amount of micro-credits). b) FCP-FIS: EUR 64.95 million (total commitments amount of micro-credit agreements signed by Intermediaries).</p> <p><b>ELENA</b> (Figures as of 04/11/2013): Commitments made for project investments in excess of EUR 3.4 billion supported by EU project development services totalling approximately EUR 48 million (average leverage of 71).</p>	<p><b>CIP:</b> the target has been outperformed by 28% as at 30/6/2013 (16,680/13,000)</p> <p><b>MAP:</b> the Facility reached more than the double of its target.</p> <p><b>EPMF:</b> nearly 27% (132.97/500) of the target has been reached; the Facility is running as from end 2010 only, but an acceleration in the signature of new agreements has been observed in 2013, especially for the Guarantee part of the Facility, with 10 new agreements signed, leading to a total number of agreements of 40 as at October 2013; the budget allocation is envisaged to be fully used by April 2016 at the latest for FCP, and by the end of the first quarter of 2014 for the Guarantee part of the Facility, so that the Facility appears to be on track to achieve the target.</p>	<p><b>CIP</b> (target for the entire duration of the programme): EUR 13,000 million</p> <p><b>MAP:</b> 8,000 million</p> <p><b>EPMF:</b> (target of the entire duration of the programme) 500m loans.</p> <p><b>ELENA:</b> Minimum leverage 20/25 (technical assistance/ investment volume)</p>

**Result Indicator 3 : Number of jobs created or maintained in SMEs receiving new financing**

Baseline 2013(or latest available date)	Milestones/Trend towards target	Target for 2014
<p>Figures as of 30 June 2013 for CIP, MAP, G&amp;E, and as of 31 March 2013 for EPMF – latest available:</p> <p><b>CIP:</b> a) GIF: 6,844 (number of employees at final beneficiaries at date of first investment; data from employment report as at 31/12/2012);                      b) SMEG07: 935,984 (number of employees at final beneficiaries at inclusion date).</p> <p><b>MAP:</b> a) ESU01: no information available;                      b) SMEG01: 940,849 (number of employees at final beneficiaries at inclusion date,).</p>		
<p>G&amp;E: a) ESU98: no information available;                      b) SMEG98: 593,374 (number of employees at final beneficiaries at inclusion date).</p> <p>Additional information:</p> <p><b>CIP:</b> a) GIF number of jobs created or maintained: the information is available on the number of employees at the initial and final date , namely:                      - GIF number of employees at date of first investment: 6,844;                      - GIF number of employees at the final date, as of 31.12.2012: 9,908.                      b) SMEG07 number of jobs created or maintained: 253,607 (this is an estimate based on the methodology outlined in the Final Evaluation of the Entrepreneurship and Innovation Programme - Final Report - April 2011 pg. 22).</p> <p><b>MAP:</b> a) ESU01: no information available;                      b) SMEG01: 234,413 (estimate based on the afore-mentioned methodology).</p> <p><b>G&amp;E:</b> a) ESU98: no information available;                      b) SMEG98: 136,860 (estimate based on the afore-mentioned methodology).</p> <p><b>EPMF:</b>                      EPMF Guarantees: 5,390 (Total number of employees, at first inclusion date)                      EPMF FCP-FIS: 8,275 (Total number of self-employed and employees of Micro-enterprise Final Beneficiaries, at signature date of Micro-credit agreement).</p>	<p><b>CIP:</b> according to ECFIN estimation method for jobs created or maintained (9,908 + 253,607 = 263,515), nearly 70% of the target has been reached, and a further increase is expected as many agreements have not yet reached their final availability period date.</p>	<p><b>CIP</b> (target for the entire duration of the programme): 378,150 (as per Annex to the Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Programme 2007-2013, (COM(2005)121 final), SEC(2005)433 dated 6/04/2005,p. 6).</p>

**Result Indicator 4 : Monitoring activity and Approval process**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>a) Regular monitoring and reporting on existing Financial Instruments.</p> <p>b) Approval of projects under the Technical Assistance programmes managed.</p>	NA	<p>a) To ensure timely monitoring and reporting</p> <p>b) To ensure timely approval</p>
<b>Main outputs in 2014</b>		
Description	Indicator	Target
Financial and Administrative Framework Agreement between the European Union and the European Investment Bank	Adoption	March 2014
Financial and Administrative Framework Agreement between the European Union and the European Investment Fund	Adoption	March 2014
To contribute to the reporting on financial instruments to the budgetary authority and to coordinate the Article 49 IIA report on all financial instruments (in 2014 it will become the Article 140(8) reporting according to the new Financial Regulation).	Delivery	December 2014
To contribute to the report to the Budgetary Authority (collection from policy DGs, via DG BUDG) on financial instruments according to Articles 38(5) and 49(5) of the new Financial Regulation.	Delivery	December 2014
Connecting Europe Facility on Financial Instruments and related Staff Working Document	Adoption	December 2014



**Relevant general objective: To foster EU growth, employment creation and sustainable development  
To promote prosperity beyond the EU**

**Specific objective: "To ensure sound and efficient management and follow-up of non- budgetary operations"**  Non-spending

**Result Indicator 1: Active treasury management - Continuation of asset management for ECSC optimise return while mitigating risks.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>The income on the ECSC portfolio is used by RTD to finance research in the coal and steel sector</p> <p>ECSC portfolio (EUR 1,755 million as of 30/06/2013) delivered a negative return of -0.26% for the period January-June 2013 resulting on a negative performance of 51 basis points compared with the benchmark's positive return of 0.25%.</p> <p>The exposure in bonds issued by France and Germany negatively impacted the performance of the portfolio versus its benchmark.</p>	<p>On a 12-month rolling basis (Sept. 2012–Sept. 2013) the portfolio gained 1.10 per cent.</p>	<p>Achieve a performance in line with the benchmark.</p>

**Result Indicator 2: Competition fines - Continuation of managing the assets obtained by the Commission as provisionally cashed fines from competition cases.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>The BUFI portfolio (EUR 2,185 million as of 30/06/2013) delivered a negative return of 0.08% for the period January-June 2013 resulting on a positive performance of 8 basis points compared with the Index's negative return of 0.16%. This over performance was influenced by the non-benchmark position of the portfolio (34% by the end of June 2013) which improved the overall portfolio yield.</p> <p>As of 30 June 2013, according to accounting figures, the BUFI buffer reserve stood at EUR 8. 59 million or 0.4% of the nominal amount of cashed fines.</p>	<p>On a 12-month rolling basis (Sept 2012–Sept. 2013) the portfolio gained 0.098 per cent.</p>	<p>Achieve a performance in line with the guaranteed return.</p>

**Result Indicator 3: Mandates as Asset Management Designated Service (AMDS) - Monitoring of certain asset management mandates outsourced under which the EIB invests off-budget funds on behalf of the Commission.**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>To monitor the compliance of EIB's asset management with Asset Management Guidelines.</p>	<p>NA</p>	<p>To ensure timely monitoring by the EIB / To make sure the reports are received on time</p>

**Result Indicator 4 : Borrowing and lending activity**

Baseline 2013 (or latest available date)	Milestones/Trend towards target	Target for 2014
<p>a) To be involved in supporting the joint efforts of the Commission with the ECB and the IMF to address the consequences of the financial crisis in particular concerning the different financial instruments and facilities like the EFSM, the EFSF, the Greek Loan Facility and the ESM.</p> <p>b) The EFSM must still borrow EUR 4.7 billion for both countries to complete the approved programmes that amount to EUR 48.5 billion in total.</p> <p>c) The extension of the maturities for the existing EFSM loans to Ireland and Portugal was approved and countries may request extension of existing loans in 2013.</p> <p>d) To continue to administer the Greek Loan Facility (GLF).</p>	<p>NA</p>	<p>a) To provide timely contribution.</p> <p>b) Funding of the borrowings at a rate not higher than the rate of the EIB.</p> <p>c) To carry out the extension operations at the time of the maturity of the loans to be extended.</p> <p>d) Timely collection of reimbursements from Greece and transmission to Euro Area lenders.</p>

**Main outputs in 2014**

Description	Indicator	Target
H2020: a single Participants Guarantee Fund (PGF) will be created to replace and succeed the two existing FP7 Guarantee Funds (EU and Euratom). The financial management of the assets of the single PGF for the H2020 programme is going to be assigned to DG ECFIN, which will also necessitate the transfer of the balance of the FP7 Guarantee Funds' assets from EIB to ECFIN.	Completion of the preparatory work for taking over the H2020 PGF portfolio and start of operational management	April 2014
Financial Report ECSC in Liquidation at 31 December 2013	Adoption by the Commission	June/July 2014
Report on borrowing and lending activities of the European Union in 2013	Adoption by the Commission	December 2014
Potential legislative proposal to the Council regarding the future of the Euratom loan facility and a proposal for a new ceiling.	Adoption by the Commission	December 2014
Quarterly risk Report on Directorate L's Off Budget financial activities to senior management.	Delivery	Quarterly

## **5. Horizontal activities**

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

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

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

This Activity includes the following functions:

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

<b>ABB activity: Policy Strategy and Coordination for DG Economic and Financial Affairs</b>					
<b>Financial resources</b> (€) in commitment appropriations			<b>Human resources</b>		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
-	-	-	103	43	146

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

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

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

<b>Specific objective: "To provide guidance, policy definition and leadership to achieve the mission and objectives of the policy area "Economic and Financial Affairs"</b> <input checked="" type="checkbox"/> Non-spending		
<b>Result Indicator 1 : Delivery rate of initiatives foreseen in the Commission Work Programme</b>		
Baseline 2013 (or latest available date)	Milestones	Target
All initiatives delivered as planned.	NA	100% initiatives delivered on time
<b>Result Indicator 2: Level of satisfaction of VP Rehn's Cabinet Members, of the President Cabinet and of the President's briefing Cell with DG ECFIN's work and output</b>		
Baseline 2013 (or latest available date)	Milestones	Target
4.02 out of 5 in May 2012 <sup>6</sup>	NA	To maintain score above 4 at the next stakeholder survey

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

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

<b>Specific objective: "To implement the Commission planning and programming process so that the DG delivers its policy objectives contributing to the overall Commission strategy in an effective, timely, efficient and accountable manner"</b> <input checked="" type="checkbox"/> Non-spending		
<b>Result Indicator 1 : Timely preparation and delivery of the various elements of the Strategic Planning and Programming cycle (CWP, MP and AAR)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
In 2013, the ECFIN contribution to the Annual Activity Report (AAR) 2012, Management Plan (MP) 2014, CWP 2014 was delivered timely	NA	All documents within the deadline

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

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

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

<sup>6</sup> 1 means Very low, 2 means Low, 3 means Medium, 4 means High and 5 means Excellent.

<b>Specific objective: "To implement the Commission Smart Regulation strategy in an effective, timely, efficient and accountable manner" <input checked="" type="checkbox"/> Non-spending</b>		
<b>Result Indicator 1 : Degree of implementation of the annual evaluation plan</b>		
Baseline 2013 (or latest available date)	Milestones	Target
3 new evaluations launched as planned in first semester 2013. Launch of 1 evaluation has been postponed to second semester 2013. 2 evaluations completed.	NA	Number of evaluation launched: 100% Number of evaluations completed: >=80%

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

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

<b>Specific objective: "To carry out external communication on euro/EMU and to contribute to the general communication strategy of the Commission" <input checked="" type="checkbox"/> Non-spending</b>		
<b>Result Indicator 1: Increase public understanding and support for EU semester, EU economic governance and euro/EMU</b>		
Baseline 2013 (or latest available date)	Milestones	Target
The latest <u>Flash Eurobarometer 386</u> survey was carried out in the euro area in early October 2013. The economic and financial crisis notwithstanding, more than half (57%) of those living in the euro area regard the euro as good for their own country. A majority of respondents in all countries think that there should be more coordination of economic policy, including budgetary policies, at EU level.	NA	To increase the understanding and support for EU Semester, EU economic governance and euro/EMU among the general public

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

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

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

Specific objective: " To carry out the DG's internal communication strategy" <input checked="" type="checkbox"/> Non-spending		
Result Indicator 1 : Percentage of best practices identified in the internal communication area which are put in practice by the DG		
Baseline 2013 (or latest available date)	Milestones	Target
60% of best internal communication practices implemented	NA	Gradual implementation of agreed actions, to be monitored via twice-yearly reporting.
Result Indicator 2: Feedback on existing internal communication		
Baseline 2013 (or latest available date)	Milestones	Target
<p>5 video briefings so far by Director General and other senior managers well received by staff.</p> <p>Initial editions of 'Midday info sessions' confirm there is high demand and substantial perceived value-added of this platform. Moreover, in June 2013 this initiative was Awarded Commission's 2013 Internal Communication and Staff Engagement Award for the best initiative to improve internal communication and information flows within a DG.</p> <p>Survey on staff newsletter conducted in May 2009 with a strongly positive result. 94% of respondents believed that the newsletter contributed to internal communication.</p> <p>On-going contribution to promotion of shared expertise via Speakers Pool – repository of ECFIN presentations.</p> <p>The ECFIN intranet is undergoing a structural and content overhaul in order to better respond to the information and communication needs of staff.</p>	NA	Maintenance and gradual improvement of existing internal communication tools

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

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

Specific objective: "To strengthen policy coordination through inter-institutional relations and cooperation with other stakeholders" <input checked="" type="checkbox"/> Non-spending		
Result Indicator 1: Backlog of Parliamentary questions for which ECFIN is responsible.		
Baseline 2013 (or latest available date)	Milestones	Target
The number of Parliamentary questions (EPQ) for which DG ECFIN is in the lead, rose from 440 in 2011, to 597 in 2012. As of 18 <sup>th</sup> November 2013 the number was already at 675 and the total for 2013 will thus once more surpass last year's numbers. At the same time ECFIN was associated to 518 EPQ in 2011, 529 in 2012, and as of the 18 of November 2013 there has already been 593 EPQ for which ECFIN was associated. Despite the systematic increase of EPQs since 2009, the total number of questions not answered on time (black list) is kept under strict control and the number of questions where the answer was delayed has remained limited to only a few.	NA	100% of EP questions answered.

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

Assess the compliance the effectiveness and the efficiency of the risk management, governance and control processes in place. Recommend and advise the Director-General in an independent and objective manner on sound and efficient management of the operations and resources within the DG in order to contributing to the discharge process of the Director General and improving DGEFCIN operations.

Specific objective: " To provide independent, objective and professional assurance and consulting services to the Director General" <input checked="" type="checkbox"/> Non-spending		
Result Indicator 1 : Number of audit reports issued in the framework of the agreed annual working plan		
Baseline 2013 (or latest available date)	Milestones	Target
3 audits, and 5 follow-up audits. By November 2013, one audit was finalised and two audits started of which one had to be delayed due to sickleave. As far as follow-up audits are concerned, two have been finalised and one almost completed. The two remaining will be started before December 2013.	NA	>=80% by December 2013
Result Indicator 2: Level of acceptance by the auditees of IAC audit recommendations		
Baseline 2013 (or latest available date)	Milestones	Target
1 final audit report has been issued in July 2013 including 5 recommendations, 1 very important and 4 important. All of which were accepted by Management.	NA	>=80% by December 2013
Result Indicator 3 : Degree of implementation of audit recommendations based on follow-up audits carried out		
Baseline 2013 (or latest available date)	Milestones	Target
Regarding the two follow up audits that were finalised, all the 11 recommendations have been appropriately addressed.	NA	>=80% by December 2013

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

To continue to contribute to the formulation, co-ordination and surveillance of economic and financial policies in the EU through the smooth and efficient functioning of both the Economic and Financial Committee (EFC) the Economic Policy Committee (EPC) and the Eurogroup Working Group (EWG), as well as their subcommittees and working groups, in particular as regards administrative and general support. This includes the preparation of reports and opinions for the EFC, the EPC, the Council and the Eurogroup; as well as Ecofin and Eurogroup draft conclusions and statements. To provide support and policy advice to the President of the Eurogroup and the Brussels-based permanent President of the Eurogroup Working Group (EWG).

**Specific objective: "To contribute to the co-ordination of economic and financial policies in the EU through the efficient functioning of the EFC, EPC and EWG "**  Non-spending

**Result Indicator 1 : Number of workshops, conferences, meetings and teleconferences**

Baseline 2013 (or latest available date)	Milestones	Target
workshops, conferences, meetings: 94 teleconferences: 153	NA	To meet the obligations as set by the 2014 Work Programs of the Committees and their Working Groups

**Result Indicator 2: Number of notes and reports (documents registered in ARES)**

Baseline 2013 (or latest available date)	Milestones	Target
441	NA	NA

**Result Indicator 3 : Level of satisfaction of EFC/EPC members with DG ECFIN's work and output**

Baseline 2013 (or latest available date)	Milestones	Target
3.67 out of 5 in May 2012	NA	3.75 to be obtained at the next stakeholder survey



# Activity "Administrative Support for DG Economic and Financial Affairs"

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

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

The Activity includes the following functions:

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

ABB activity: Policy Strategy and Coordination for DG Economic and Financial Affairs					
Financial resources (€) in commitment appropriations			Human resources		
Operational expenditure	Administrative expenditure (managed by the service)	Total	Establishment plan posts	Estimates of external personnel (in FTEs)	Total
-	-	-	70	2	72

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

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

Specific objective: "To ensure implementation and monitoring of a reliable internal control and anti-fraud system within the DG" <input checked="" type="checkbox"/> Non-spending		
Result Indicator 1 : Degree of implementation of action plans for critical risks compared to the agreed planning		
Baseline 2013 (or latest available date)	Milestones	Target
No internal critical risk was identified by DG ECFIN in 2012	NA	100%
Result Indicator 2: Number/ value of cases referred to OLAF for investigation compared with total programme expenditure		
Baseline 2013 (or latest available date)	Milestones	Target
N° of case submitted to OLAF in 2013: 0	NA	0
Result Indicator 3 : Ratio of ex-post observations accepted as factually correct over number of observations issued (qualitative)		
Baseline 2013 (or latest available date)	Milestones	Target
NA	NA	>=80%

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

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

Ensure the right accounting of budget-based financial operations.

Specific objective: "To promote and maintain sound and efficient management of financial resources within the DG" <input checked="" type="checkbox"/> Non-spending		
<b>Result Indicator 1: Percentage of payment files executed within target payment time (target: &gt;90%)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
Baseline 2012: 86%	NA	At least 90%
<b>Result Indicator 2: Percentage of budget execution (commitments) with respect to annual and final budgets (target &gt;90%, excluding MFA lines)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
Situation towards 15/11/2013 (98.95%, excluding MFA) points to a high level of budget execution.	NA	At least 90%, excluding MFA lines
<b>Result Indicator 3 : Percentage of budget execution (payments) with respect to annual and final budgets (target: &gt;98%, excluding MFA lines)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
Situation towards 15/11/2013 (95.34%, excluding MFA) points to a high level of payment execution.	NA	At least 98%, excluding MFA lines
<b>Result Indicator 4 : Number of financial exceptions (target: keep number stable or reduce; 100% of exception decision are registered)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
The number of overrides towards 30/09/2013 is 5. 100% of them have been registered.	NA	Keep stable/reduce the number of financial exceptions; 100% of decisions to override negative opinions on transactions are properly registered each year)
Baseline 2013 (or latest available date)	Milestones	Target
<b>Result Indicator 5: Percentage of financial transactions recorded in accordance with the accounting rules (target: &gt;98%)</b>		
NA	NA	At least 98%

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

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

Specific objective: "To promote and maintain sound and efficient management of human resources within the DG" <input checked="" type="checkbox"/> Non-spending		
<b>Result Indicator 1 : Mobility rate (staff turnover)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
9,6 % 66 officials have been transferred within ECFIN since the beginning of the year, representing officials on 9,6% of ECFIN's establishment plan posts	NA	6%
<b>Result Indicator 2: Utilisation of training budget</b>		
Baseline 2013 (or latest available date)	Milestones	Target
An internal reinforcement of 177.500,00€ has been made to the decentralized budget of 210.662,€ received from DG HR. 87% of the total budget of 388.162,00€ has been used on 21/11/2013 to organize/manage 56 (related) learning activities	NA	100%
<b>Result Indicator 3: Gender breakdown by grade (targets)</b>		
Baseline 2013 (or latest available date)	Milestones	Target
1. Women as a percentage of the AD no management workforce: 31.9% 2. Women as a percentage of the AST workforce: 65.6% 3. Women as a percentage of DHoU/HoS workforce: 17.8% 4. Women as a percentage of HoU workforce: 22.2% 5. Women as a percentage of senior management: 14.3% Note: For management posts, percentages have been calculated on the basis of filled posts. For senior management in particular, this has inflated the proportion of women.	NA	1. 43% (Commission target 2014) 2. No target 3. No target 4. 26.3% (Commission target 2014) 5. 25% (Commission target 2014)

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

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

Implement and maintain efficient local IT governance, based on the IT governance approved by the Commission and standard methodology (PM2, RUP@EC, ITIL). Convert relevant audit recommendations for local ICT management into actions approved by the senior management and implement them.

Specific objective: "To promote and maintain sound and efficient management of IT resources within the DG" <input checked="" type="checkbox"/> Non-spending		
<b>Result Indicator 1 : Number of IT trainings organised locally for ECFIN staff</b>		
Baseline 2013 (or latest available date)	Milestones	Target
14 days of locally organised IT training (mainly MS Sharepoint) in 2013.	NA	Maintain IT local training on a stable level (responding to the business needs).
<b>Result Indicator 2: Percentage of critical and urgent incidents responded and resolved within the defined time limit</b>		
Baseline 2013 (or latest available date)	Milestones	Target
With the migration to ITIC and the centralisation of the Help Desk support this indicator is not dependent solely on R4 anymore but reflects the level of service (ITIC and local service). Jan-Oct 2013 (statistics provided by ITIC): - no critical incidents - urgent incidents: 63%	NA	Critical: 95% resolved within 1h Urgent: 95% resolved within 2h
<b>Result Indicator 3 : : Number of DG ECFIN macro processes supported by IT systems developed and maintained by R4</b>		
Baseline 2013 (or latest available date)	Milestones	Target
20 of the 51 ECFIN specific macro processes <sup>7</sup> are supported by R4 IT systems. Remark: 34 of the 51 ECFIN specific macro processes are supported by IT systems developed by User's Unit or R4.	NA	NA
<b>Result Indicator 4: Number of new IT systems, modules or significant upgrade of existing IT systems.</b>		
Baseline 2013 (or latest available date)	Milestones	Target
Among the <b>16</b> high/normal priority projects, <b>13</b> projects have been developed. Due to the lack of involvement of the operational Units <b>3</b> projects that have been initially planned were not developed.	NA	Meet the objectives (high and medium priority) as defined by the ITSC. In the 2013 planning approved by the ITSC, <b>16</b> projects were classified as high/normal priority.

<sup>7</sup> The business activities of the DG ECFIN are described as a tree structure whose branches are domain, subdomains and macro processes. Some domains such as "DG Policy Strategy and Coordination" are not specific to DG ECFIN. There are indeed 3 specific domains for DG ECFIN: "Economic and Monetary union", "Financial Operations and Instruments" and "International Economic and Financial affairs". The domains are subdivided in sub domains (example: "Economic surveillance") and the subdomains are further divided in macro processes (example: "Analyse financial sector")

**Result Indicator 5 : Consultation of the IT systems developed and maintained by R4 and available to the general public on Internet**

Baseline 2013 (or latest available date)			Milestones	Target
The table below presents statistics on the consultation of different dissemination systems during the past 12 months <sup>8</sup> .			NA	NA
System	#visitors	#page views		
AMECO	42,971	487,520		
T&B	24,679	148,091		

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

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

**Specific objective: "To promote and maintain sound and efficient document and logistics management"  Non-spending**

**Result Indicator 1: Percentage of unfiled registered documents in ARES**

Baseline 2013 (or latest available date)	Milestones	Target
At the end of September 2013, approximately 370 registered documents are not filed. It represents 1% of all registered documents.	March 2013 = 3.5% June 2013 = 2.1 %	0.5%

**Result Indicator 2: Percentage of all staff trained in e-Domec and ARES**

Baseline 2013(or latest available date)	Milestones	Target
Up until mid-November 2013, 67% or 488 colleagues participated in the general document management training course (e-Domec) whereas 33% or 242 colleagues have participated in an ARES training session.	e-Domec training: June 2013 = 47% ARES training: June 2013 = 26%	100%*

<sup>8</sup> The statistics are shown for the subset of IT systems that gather this information. Next year, all the DG-ECFIN IT systems available to the public will be updated for gathering these statistics.

## **Annex 1. Prioritised internal control standards for effective management**

Based on recent IAS and IAC audits as well as the 2013 Risk Management exercise, DG ECFIN has drawn up the list below of priority ICS to improve their effectiveness in 2014.

**Table Summarising Priority ICS**

<b>Priority Control Issues</b>			<b>(4)</b> <b>Summarise the relevant requirements and/or effectiveness criteria</b>	<b>(5)</b> <b>Control issues and planned measures to improve or develop controls</b>
<b>(1)</b> <b>Prioritised in MP 2013</b>	<b>(2)</b> <b>Effectively implemented</b>	<b>(3)</b> <b>Internal Control Standards</b>		
Y	N	ICS 8 "Processes and procedures"	Decision of the Commission 2001/844/EC establishing "Commissions provisions on security". Commission Security Notices, in particular "Security Notice N°1".	<p>In the context of the major changes to the operational activities of ECFIN the nature and scale of the security risks was altered. In this context, the Security Action Plan (SAP) was adopted on 28/11/2012 by ECFIN Directors to strengthen the information security. Several measures were already implemented in 2012/2013: filling-in of relevant security functions, registering of security breaches, developing internal security rules and procedures, raising awareness, etc.</p> <p>However, the implementation of the SAP is still ongoing; information security procedures and measures are not yet fully established and implemented. In particular following measures should be prioritised in 2014:</p> <ol style="list-style-type: none"> <li>1. Final approval and effective implementation of the ECFIN manual for handling sensitive information.</li> <li>2. In-depth review of information security in sensitive business processes. This review will lead to the adoption and implementation of security measures tailored to specific operational processes and risks.</li> </ol>

Y	N	ICS "Document management" 11	<p>The implementation of the document management action plan<sup>9</sup> allowed for reporting and monitoring of activities of ECFIN services in 2013. The latter showed that the basic building blocks are now present and that progress is made in the area of awareness raising through training, that a DMO correspondents network is maintained and that the filing structure and activities are monitored.</p> <p>However, further efforts on several fronts are required to achieve better standards in this particular field.</p> <ul style="list-style-type: none"> <li>• Measuring the file quality from a central level is difficult; therefore, all files will be associated by the lead units with a file manager who will benefit from complementary trainings in 2014.</li> <li>• After the conclusion of the mandatory training programme at the end of 2013, it is foreseen to provide targeted and customised training sessions to address peculiar business processes in DG ECFIN.</li> <li>• Core business and coordinating units will be asked, in line with the targets of the Secretariat General<sup>10</sup>, to use transparent workflows for re-occurring business</li> </ul>	<p>Monthly reports on the document management activities allowed units to anticipate and react to the targets addressed in the quarterly reports which were shared with the Board of Directors (i.e. dual reporting tools). The use of benchmarks and different reporting methods provided the necessary triggers to change the behaviour.</p> <ul style="list-style-type: none"> <li>• In addition to the usual reporting, file managers may expect (i) specific training sessions and (ii) regular direct reports about their filing behaviour.</li> <li>• Specific training sessions, will be available (on demand), for services that have difficulties to implement good document management practices.</li> <li>• Meetings will be organised with lead units in charge of re-occurring business processes with the aim to have efficient and transparent workflows in line with the requirements of the implementation of the e-signatory<sup>11</sup>.</li> </ul>
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<sup>9</sup> Ref. Ares(2012)1137179 - 27/09/2012

<sup>10</sup> Ref. Ares(2013)2534472 - 21/06/2013, Implémentation de l'utilisation de l'e-signataire

<sup>11</sup> Ref. Ares(2013)2534472 - 21/06/2013, Implémentation de l'utilisation de l'e-signataire

			process prior to the registration of documents.	
Y	N	ICS 12 "Information and Communication"	<p>ECFIN has stepped up its communication effort as regards communication actions on economic governance (SGP/MIP) and on programme countries. For programme countries, ECFIN has Resident representatives who engage in communication and outreach activities to key stakeholders. ECFIN has also developed targeted platforms for communication to specific stakeholder audiences, e.g. financial market actors, officials in national Finance Ministries, journalists specialised in economic policy etc. At Member State level, ECFIN also closely works with the network of European Semester Officers.</p> <p>It is also important to focus on the definition of a strategy. The ECFIN team within SPP has been overwhelmed with an enormous amount of work/requests over the past 4 years.</p> <p>The priority should go to EMU developments, programme countries (although 3 out of 5 of them would be out of the adjustment programme next year).</p>	<p>It is suggested that the Commission develop a more proactive approach to communication on economic policy issues involving ECFIN-SG-SPP-COMM. In addition to encompassing activities <i>vis à vis</i> the press, it should also encompass actions dealing with other stakeholder groups. It should moreover consider communication actions needed at EU level, in Member States and internationally (e.g. financial market centres).</p> <p>It is suggested that the overall level of resources devoted to press and communication activities on economic policy reviewed, to assess their adequacy and the scope for synergies and collaboration.</p> <p>It is suggested to better combine the communications actions/policies of the DGs concerned so that they achieve a critical mass, and makes full use of all the instruments/tools at the Commission disposal.</p>



## **Annex 2. Planning of studies (evaluations and other studies)**

N°	Title	Context, intended use (CWP, Fitness check, legal base, other)	Type of evaluation or study			Timing		Associated DGs	Planned cost K€
			Prospective* (P) or retrospective (R)	External (E), internal (I), internal with external support (I&E)	Expenditure programme €, Regulatory instruments (R), communication activity (A), Internal commission activity (I)	Start (month/year)	End (month/year)		

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

1	Ex-post evaluation of BoP assistance operations in Latvia and Romania	This evaluation focuses on assessing ex post the contribution of EU medium-term financial assistance under the balance of payments facility for Member States to macro-economic and structural adjustment of the recipient country.	R	I&E	€	01/2013	12/2014		
2	Evaluation of Treasury & asset management	This formative evaluation will concentrate on ways of improving the on-going activity of treasury management, inter alia by determining whether processes are working correctly and judging its effectiveness.	P & R	E	€	06/2013	03/2014		
3	Interim evaluation of the project bond pilot initiative	The Commission is obliged to report on the implementation of the pilot phase to the Council and Parliament in the second half of 2013. This evaluation will provide the necessary information for the Commission report.	P & R	E	€	08/2013	02/2014		

## II. Evaluations planned to start 2014 or later

4	Evaluation of MFA operations in Bosnia-Herzegovina	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	R	E	€	02/2014	10/2014		
5	Evaluation of euro communication	The overall aim of this evaluation is to analyse the extent to which the Commission's communication activities between 2007 and 2013 facilitated the introduction of the euro, more specifically as regards new Member States. It should also evaluate the effectiveness of ECFIN's communication policy in response to the economic crisis and the changes in responsibilities as regards programme countries and the new forms of economic governance in EMU.	P & R	E	€, A	01/2014	12/2014		
6	Final evaluation of the project bond pilot initiative	The Commission is obliged to report on the final implementation of the pilot phase to the Council and Parliament in 2015.	P & R	E	€	01/2015	12/2015		
7	Evaluation of fiscal surveillance activities	The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary while compatible with the Treaty and the applicable secondary legislation, to changes to these activities of the DG and their resulting outputs, with consequent benefits for the various counterparts and other users. This evaluation will also follow up on the evaluation carried out in 2009.	P & R	E	R	Linked to timing for reviews in legislation	12/2015		
8	Evaluation of Guarantee Fund	Evaluation of Guarantee Fund	P & R	E	€	01/2015	12/2015		
9	Evaluation of external representation	This formative evaluation will assess how efficiently and effectively the objective of improving the EU profile, external representation aiming at strengthening convergence between their strategies and operations and EU external priorities has been pursued.	P & R	E		01/2016	12/2016		

10	Evaluation of DG ECFIN's forecasting services	The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary, to changes to the forecasting activities of the DG and their resulting outputs, with consequent benefits for the various communities of users, both internal and external to the Commission. This evaluation will also follow up on the evaluation carried out in 2007-2008. It will need to take into account any findings of the performance audit of the CoA on economic surveillance which <i>a priori</i> would cover forecasting services.	P & R	E	I	10/2015	10/2016		
11	Evaluation of Economic Service Function of DG ECFIN	The aim of the evaluation is on supporting organisational learning and improving the future functioning of the Economic Service Function of DG ECFIN. The focus should be on the contribution which ECFIN makes towards supporting the economic underpinning of EU policies, and in particular in understanding their potential impact at the macroeconomic level on growth and jobs. In this context, evaluation results will be primarily used by the services responsible for implementing the activities. The evaluation will also be used in the context of the European Commission's Activity-Based Management/Strategic Programming and Planning and Budgetary cycles	P & R	E	I	03/2016	12/2016		

### III. Other on-going and planned studies\*\*

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

8	Stakeholder satisfaction surveys to review and update the ECFIN output quality indicators	In 2012, ECFIN senior management decided that a stakeholder survey on output quality indicators should be carried out every two years. Using the methodology developed on the "Instrumental study to support the development of output quality indicators based on stakeholder satisfaction surveys" the assignment aims to conduct the stakeholder survey for the second time and update the indicators accordingly.				02/2014	06/2014		
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## **Annex 3. Framework for monitoring, evaluation and reporting on spending programmes in the MFF 2014-2020**

For DG ECFIN, two activities are included in the MFF 2014-2020 under the "Global Europe" heading: macro-financial assistance and the guarantee fund for external actions.

However, these two activities are not spending programmes in the sense that no specific legal acts were adopted in the context of the MFF 2014-2020 that contain references as regards indicators to measure progress and monitoring and evaluation provisions.

### **I. Macro-financial assistance:**

Macro-Financial Assistance (MFA) is an **exceptional** financial (short-term) crisis-related instrument with the objective to ease financial constraints on certain third countries experiencing macro-financial difficulties characterised by balance of payment deficits and/or serious budgetary imbalances. It is directly linked to the implementation by the recipient countries of macro-financial stabilisation and structural adjustment measures. As a rule, Union actions complement those of the International Monetary Fund, coordinated with other bilateral donors. Each of the MFA programmes need to be adopted by the Council and the EP.

The Commission informs the budgetary authority regularly of the macro-financial situation of the beneficiary countries and reports on the implementation of this assistance on a yearly basis.

External ex-post evaluations of MFA operations are carried out regularly and on ad-hoc basis. The reports can be found at:

[http://ec.europa.eu/dgs/economy\\_finance/evaluation/completed/index\\_en.htm](http://ec.europa.eu/dgs/economy_finance/evaluation/completed/index_en.htm)

### **II. Guarantee fund for external actions:**

Set up at a time when the guarantees on loans granted to non-Member countries were growing rapidly, the Fund was established:

- to provide a "liquidity cushion" in order to avoid calling on the Community budget every time a default or late payment on a guaranteed loan arises;
- to create an instrument of budgetary discipline by laying down a financial framework for the development of Community policy on guarantees for Commission and EIB loans to non-Member countries.

The lending operations covered by the Fund relate to three different instruments, each of which benefits from a guarantee from the EU budget. These instruments are: European Investment Bank (EIB) lending, Euratom loans and Macro-Financial Assistance.

The Fund is provisioned from the general EU budget and has to be maintained at a certain percentage of the outstanding amount of the loans and loan guarantees covered by the Fund. This percentage, known as the target rate, is currently 9%.

The Commission has entrusted the financial management of the Fund to the EIB. The Commission supervises this mandate, monitors and reviews the Guarantee Fund mechanism, and is responsible for regular reporting on the situation of the Fund and its management to the European Parliament, the Council and the Court of Auditors.

As required by the Financial regulation, an external evaluation of the Guarantee fund is carried out every six years. The last evaluation report can be found at:

[http://ec.europa.eu/dgs/economy\\_finance/evaluation/completed/index\\_en.htm#external](http://ec.europa.eu/dgs/economy_finance/evaluation/completed/index_en.htm#external)

## **Annex 4. Communication Strategy**

DG ECFIN's communication strategy/actions are at the very core of the Commission's corporate communication themes, including 'Europe for Jobs' and 'Emerging fairer from the crisis'.

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

The main story behind recent and upcoming actions is the need to stay the course of reforms to address weaknesses in the EMU's original construction, which became apparent with the crisis. Sustained action is needed to revive growth and unwind imbalances. This has to be combined with a long-term vision for EMU and a clear roadmap towards that vision. Building a genuine EMU constitutes a tremendous effort of European solidarity, which is an essential part of the overall EU project but is also necessary in view of the interdependence of EU economies, in particular those of the euro area.

"The EU economy has reached a turning point on the road to economic recovery."<sup>12</sup> However, the communication challenges remain manifold. The fact that the EU economy is set to gradually recover in 2014 and the forthcoming exit of Ireland and Spain from their respective programmes, could make the story of the necessary adjustment efforts somewhat easier to communicate in some Member States. Challenges will continue to stem from the fact that the process of budgetary consolidation and correction of imbalances and competitiveness losses is now several years old, and that it takes a long time to complete before the benefits notably materialise. During 2014, the issue of unemployment and fairness of the adjustment effort will certainly remain prominent.

Another feature of the communication challenge in 2014 will be continued divergence of economic performance across Member States. In the countries which are required to take the strongest measures to put their public finances on a sustainable path and to comply with the EU fiscal rules, it is important to underline that staying the course of the agreed economic strategy will deliver results for their longer-term welfare. In Member States less affected by the debt crisis, the challenge is to convince both decision-makers and the public that solidarity is in the best interest of the EU as a whole in terms of growth and prosperity, but also that the assistance is in the form of loans, which are strictly conditional on correcting previous shortcomings in policy and economic structures. To this end, we will need bridge-building to reconcile different views and perceptions.

In addition to communication on the immediate necessity of policy responses to restore fiscal and macroeconomic balance in some Member States, it will also be necessary to continue communicating on the substantial efforts being made at EU level to avoid a repeat of the debt crisis. It is equally important to make it clear that this will require stronger economic policy coordination, including a higher degree of pooling of economic decision-making, which will have to go hand in hand with strengthened democratic legitimacy and accountability. As outlined in the November 2012 Blueprint for a Deep and Genuine EMU, the immediate challenge is to fully implement all aspects of the reinforced EU and euro area framework for economic governance in EMU, including the Six-pack and Two-pack legislation. The debate on the future architecture of EMU goes to the heart of the debate on the course of European integration, and we have to communicate the message that Europeans must not be divided into strong and weak, winners and losers. We sink or swim together.

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<sup>12</sup> VP Rehn, 15 November 2013, Commission press release "European budgetary surveillance moves into full gear", IP/13/1082

For 2014, the Commission maintains its balanced strategy for jobs and growth, focusing on five main priorities<sup>13</sup>:

- Pursuing differentiated, growth friendly fiscal consolidation
- Restoring bank lending to the economy
- Promoting growth and competitiveness for today and tomorrow
- Tackling unemployment and the social consequences of the crisis
- Modernising public administration

The Annual Growth Survey (AGS), the Alert Mechanism Report (AMR) and the Country-specific recommendations (CSR) remain key elements of the 2014 European Semester, which frames the reinforced economic policy coordination at EU level. The AGS sets the policy priorities for the EU as a whole; the AMR monitors macroeconomic imbalances in the Member States, while the CSRs identify the most urgent policy recommendations in each Member State economy as a whole. In parallel, the on-going Excessive Deficit Procedures under the Stability and Growth Pact will result in related communication outputs in 2014 demonstrating the Commission's resolve to make full use of strengthened and more credible rules

DG ECFIN's activities related to the European Semester benefit from the coordination with SG and DG COMM and *ad-hoc* support from the Commission Representations in the Member States. The policy cycle and communication link between DG ECFIN and the Representations is expected to be strengthened by the European Semester Officers (ESOs) currently posted in most Member States.

Interlinked with the policy communication, DG ECFIN will continue to communicate on the benefits of the euro/EMU towards the general public and selected stakeholders such as national administrations, social partners, journalists and academia. The focus of broader communication activities will be on presenting tangible benefits of the euro for the citizens and businesses and on demonstrating that the EU's economic strategy works and delivers positive results in terms of creating the basis for sustainable and job- rich growth in Europe. Based on the official target date for euro introduction in Lithuania on 2015, there is a possibility of euro changeover information campaign in Lithuania in the second half of 2014 (subject to positive decision by ECOFIN on Lithuania's euro accession).

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<sup>13</sup> Communication from the Commission: Annual Growth Survey 2014, COM(2013)800/2, 13 November 2013



# **Annex 5. Task force for Greece and Support Group for Cyprus**

## **I. Task force for Greece (TFGR)**

### **Annual work programme 2014**

#### **Mission and Objectives:**

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

### **Establishment and organisation of the TFGR:**

The President took the initiative of proposing a comprehensive programme of technical assistance for Greece to support the delivery of the EU/IMF adjustment programme and to accelerate the absorption of EU funds.<sup>14</sup> The TFGR commenced operations as of 1 September 2011. The latest administrative and budgetary arrangements are set out in Commission decision of 18.4.2012 on administrative and budgetary arrangements for the TFGR (C(2012) 2688 final)<sup>15</sup>.

A programme of technical assistance is being managed and further developed on the basis of close cooperation with the Greek authorities, so as to respond to their priority needs.

The support of Member States and other potential providers of technical assistance (e.g. non-EU states such as Norway as well as EU and international organisations such as OECD, IMF, EIB, World Bank) is coordinated through bilateral contacts and regular coordination meetings.

Regular information, including on the TFGR's working methods, is provided to the Commission, other institutions, the Greek authorities and the wider public through the TFGR's regular progress reports.

In order to streamline the use of funds under centralised management, a representative of DG EMPL participates in the currently established procedures of the TFGR, acts as Authorising Officer by sub-Delegation (AOSD) as per Article 59 of the Financial Regulation<sup>16</sup> for Structural Fund Technical Assistance and carries out the tender and the other procedures which he has agreed with the TFGR<sup>17</sup>.

<b>Specific objective: “To coordinate technical assistance that Greece needs to deliver the EU/IMF adjustment programme; and to recommend legislative, regulatory, administrative and if necessary (re)programming measures for an accelerated take-up of EU funds, focusing on competitiveness, growth and employment/training”</b>	
Baseline	Target
<b>Result indicator 1: Greek absorption rate under the cohesion policy programmes (latest figures dated end of May 2013)</b>	
67.5%	NA
<b>Result indicator 2: N° of designed, launched and finished individual TA work strands (programmes, including dormant ones)</b>	
About 100 projects	NA

<sup>14</sup> For more details see: [http://ec.europa.eu/commission\\_2010-2014/president/taskforce-greece/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/president/taskforce-greece/index_en.htm)

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

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

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

## II. Support Group for Cyprus (SGCY)

### Annual work programme 2014

#### Mission and Objectives:

1. helping to alleviate the social consequences of the economic shock by mobilising funds from European Union instruments and by supporting the Cypriot authorities' efforts to restore financial, economic and social stability;
2. bringing in further expertise to facilitate the emergence of new sources of economic activity;
3. identifying and coordinating, in close cooperation with Cyprus and benefiting from input from other Member States and international organisations, the technical assistance that Cyprus needs to help deliver the EU/IMF economic adjustment programme;
4. assisting the relevant Cypriot authorities in defining the details of the kind of technical assistance to be provided;
5. preparing clear terms of reference for all technical assistance (TA) assignments, which specify the nature and scope of the technical assistance actions to be provided, the entity in the Cypriot administration that will be the beneficiary of technical assistance, the budgetary and human resources that will deliver the technical assistance, and the expected results, with milestones and delivery deadlines; and
6. providing regular progress reports to the Commission and the Cypriot authorities.

#### Establishment and organisation of the SGCY:

Following a request by Cyprus on 25 June 2012, the European Commission, the European Central Bank and the International Monetary Fund agreed an Economic Adjustment Programme with the Cypriot authorities on 2 April 2013. The Programme aims to address the financial, fiscal and structural challenges facing the economy in a decisive manner and should allow Cyprus to return to a sustainable growth path. The Programme was agreed by the euro-area Member States on 24 April 2013 and by the IMF Board on 15 May 2013. It covers the period 2013-2016. The financial package consists of up to EUR 10 billion, including EUR 1 billion from the IMF.

Against this background, President Barroso took the initiative of proposing a two-pronged programme of technical assistance for Cyprus to support the delivery of the EU/IMF adjustment programme and assist the Cypriot authorities in developing a new sustainable growth model. This proposal was endorsed by the College of Commissioners during its meeting of 27 March 2013.

- (1) The SGCY commenced operations on 1 July 2013 with the appointment of its Head.
- (1) The SGCY is in the process of setting up its internal organisation and establishing its working methods. It is envisaged that the SGCY will have 12 members of staff, three of which will be based in Nicosia and embedded in the Cypriot administration.
- (2) A programme of technical assistance is being developed on the basis of close cooperation with the Cypriot authorities, so as to respond to their priority needs. To this end, the SGCY has established close contacts with the relevant Cypriot Ministries and the Cypriot Directorate General for European Programmes, Coordination and Development.
- (3) The support of Member States and other potential providers of technical assistance (e.g. international organisations such as the IMF and the World Bank) is coordinated through bilateral contacts and coordination meetings in Brussels and Nicosia.
- (4) Technical assistance coordinated by the SGCY should complement other EU or national initiatives. While some projects may deliver tangible benefits in the short-term, in many cases,

reforms will translate into concrete improvements for Cypriot businesses or citizens only over a longer period of time.

- (5) The SGCY provides information on its activities to the Commission, other institutions, the Cypriot authorities and the wider public through regular oral briefings and written reports.

#### **Programming technical assistance projects:**

The SGCY proceeds with the programming of technical assistance projects as follows:

Scoping of individual TA projects: In close cooperation with the Cypriot authorities, the SGCY establishes technical assistance needs in various areas. This phase involves experts from Member-State administrations, agencies and/or international institutions going on short "scoping missions" to Cyprus to frame the terms of reference for a technical assistance project. These experts work with the Cypriot authorities and the SGCY to design the technical assistance project in the areas in question.

Design and implementation of individual TA projects: The TA projects help to implement reforms in the agreed areas. The projects involve detailed terms of reference, project plans, monitoring and reporting, and evaluation upon delivery. The SGCY draws on expertise and know-how from Member States, international organisations or specialised agencies as well as external resources (e.g. ICT service providers) needed to implement specific projects.

#### **Financial arrangements to fund technical assistance projects:**

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

The preparation of reforms in identified areas: This work is carried out mainly by Member State public sector officials. The latter undertake an overall screening and scoping of TA needs on the ground and define specifications for a set of projects to be implemented. Resources to finance these preparatory activities mainly come from the technical assistance reserves of the European Structural and Investment Funds (ESI). The ESI technical assistance reserves are managed under "centralised management" within the budget implementation modes set out in the Financial Regulation<sup>18</sup>.

- In order to streamline the use of funds under centralised management, a representative of DG EMPL participates in the procedures of the SGCY, acts as Authorising Officer by Sub-Delegation (AOSD) as per Article 59 of the Financial Regulation for Structural Fund Technical Assistance and carries out tenders and the other procedures which he/she has agreed with the SGCY<sup>19</sup>.

Resources to fund the implementation of individual TA projects: These are potentially available under the ESI Operational Programmes for the programming period 2014-2020. In addition to funds potentially available from the centrally-managed ESI TA reserves, the Cypriot authorities will need to agree that nationally-managed funds can be drawn upon for the purposes of financing individual TA projects in the context of the EU/IMF adjustment programme. In operational terms, the Cypriot authorities will make such funds available to an appropriate "beneficiary". The latter shall be subject to close supervision by both the Cypriot authorities and the SGCY.

Speeding up the use of funds: It will be crucial to expedite the efficient and timely use of funds managed under "centralised management" as well as of the resources from ESI technical assistance managed by the Cypriot authorities under "shared management" to finance technical assistance projects. To this end, the following practices may have to be used by the relevant Authorising Officer by Sub-Delegation under the Financial Regulation for the purposes of timely deploying resources for the TA projects in Cyprus.

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<sup>18</sup> Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities and Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

<sup>19</sup> A Memorandum of Understanding between DG EMPL, DG REGIO, DG ECFIN and the SGCY for the implementation of Structural Funds in the context of the technical assistance to be provided to Cyprus is currently being prepared.

- (a) Direct grants to beneficiaries: Direct grants can be awarded by the relevant Authorising Officers under the Financial Regulation without a call for proposals in the case of bodies identified by a basic act as beneficiaries of a grant<sup>20</sup>. In addition, direct grants can be awarded without a call for proposals to specific bodies taking into account the specific characteristics of the action at stake and on account of the technical competence, high degree of specialisation, or administrative power of the body in question<sup>21</sup>.
- (b) Direct award of contracts: In view of the extreme urgency of the situation in Cyprus, the relevant contracting authority in the Commission can procure technical assistance services pursuant to Article 126(1)(c) of the Implementing Regulation for the benefit of Cyprus<sup>22</sup> for 2014.
- (c) Use of expertise from international financial institutions and development agencies: Under the above circumstances, the award of grants and/or contracts may take place with the EIB, and other international financial institutions, inter alia, in joint management under Article 53d of the Financial Regulation to the extent that evidence has been obtained that the bodies to be entrusted by the Commission with the implementation of Union funds apply standards which offer guarantees equivalent to internationally accepted standards in their accounting, audit, internal control and procurement procedures; and with development agencies accredited for the purposes of actions undertaken in indirect centralised management under Article 54 of the Financial Regulation to the extent that the entities to which the Commission will entrust implementation of EU funds for the action comply with the conditions for the delegation of tasks under indirect centralised management.

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

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<sup>20</sup> Under Article 168(1) point (d) of the Implementing Regulation, grants may be awarded without a call for proposals in the case(s) of bodies identified by a basic act, within the meaning of Article 49 of the Financial Regulation, as beneficiaries of a grant. According to Article 36 (5) of Council Regulation (EC) N° 1083/2006, a grant may be awarded to the European Investment Bank and the European Investment Fund for the actions falling under the scope of Article 36 of Council Regulation (EC) N° 1083/2006.

<sup>21</sup> Under Article 168(1) (f) of the Implementing Regulation, grants may be awarded without a call for proposals for actions with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation, or its administrative power, on condition that the actions concerned do not fall within the scope of a call for proposal.

<sup>22</sup> Under Article 126(1) (c) of the Implementing Regulation, insofar as strictly necessary, the contracting authorities may use the negotiated procedure without prior publication of a contract notice, whatever the estimated value of the contract, where for reasons of extreme urgency brought about by unforeseeable events not attributable to the contracting authorities, it is impossible to comply with the time limits set for the other procedures and laid down in Article 140, 141 and 142 thereof.

**Specific objective: “To help to alleviate the social consequences of the economic shock by mobilising funds from European Union instruments and by supporting the Cypriot authorities' efforts to restore financial, economic and social stability, and bring in further expertise to facilitate the emergence of new sources of economic activity.”**

Baseline	Target
<b>Result indicator 1: Number of designed, launched and completed short-term TA projects</b>	
About 15 projects	
<b>Result indicator 2: Number of designed, launched and completed long-term TA projects</b>	
About 5 projects	
<b>Result indicator 3: Number of experts embedded in the Cypriot administration</b>	
3 resident experts	

## **LIST OF ACRONYMS**

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

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