



Management Plan 2017

ECFIN



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INTRODUCTION

The mission of the **Directorate-General for Economic and Financial Affairs** (DG ECFIN) is to contribute to raising the economic welfare of citizens in the European Union (EU) and beyond by fostering competitive, employment-rich economies. To this end, the DG contributes to the development of policies that are geared towards smart, sustainable and inclusive economic growth while preserving macroeconomic and financial stability, inter alia, by: i) implementing necessary structural reforms; ii) achieving and maintaining sound public finances and an appropriate policy mix; and iii) promoting investment in productive and human capital. The processes aimed at a deeper and fairer Economic and Monetary Union (EMU) and at completing the EMU architecture are central in this endeavour.

DG ECFIN focuses its efforts on the achievement of two of the Commission's general objectives:

1. A new boost for jobs, growth and investment
5. A deeper and fairer EMU

In order to do so, it has established a strategy¹ consisting of the pursuit of five specific objectives:

1. Promoting growth and employment enhancing policies in the euro area and the EU
2. Promoting macro-economic and fiscal stability in the euro area and the EU
3. Promoting investment in the EU
4. Promoting prosperity beyond the EU
5. Improving the efficient functioning of the Economic and Monetary Union

These objectives are based upon the three key pillars of the economic strategy of the Commission: boosting investment, pursuing structural reforms and ensuring fiscal responsibility. Simultaneous action in all three areas is critical to restore confidence, reduce the uncertainty that is impeding investment and to maximise the strong mutually reinforcing effects of action on all three pillars. There is also a very strong interlinkage between these three pillars and the objective of a deeper and fairer EMU. The White Paper on the Future of Europe will set out the steps on how to reform an EU of 27 Member States 60 years after the Treaties of Rome. It will also cover the future of the EMU, including the preparation of stage 2 of EMU deepening in the new political and democratic context. Prosperity and stability in the EU are highly dependent upon developments in the international environment, especially stability and prosperity in our neighbourhood. Against this backdrop, DG ECFIN plays an active role in international economic issues, which complements the armoury of instruments at the disposal of other DGs.

DG ECFIN's priorities for 2017 are set within the following policy framework:

First, the key initiatives set out in President Juncker's State of the Union address and the accompanying Letter of Intent of 14 September 2016, and in the 2017 Commission Work Programme (CWP)² are reflected in the Management Plan (MP)³.

¹ DG ECFIN's Strategic Plan for 2016-2020 is available here:
http://ec.europa.eu/dgs/economy_finance/organisation/strategic_plan_en.pdf

² http://ec.europa.eu/atwork/pdf/cwp_2017_en.pdf

In addition, Commissioner Moscovici has presented guidance as to how to translate these objectives into his areas of competence: i) the area of taxation; ii) budgetary surveillance, based on applying the rules of the fiscal framework resolutely, impartially and intelligently and iii) the completion of EMU, which should focus on developing a convincing blueprint as laid out for Phase II in the Five Presidents' Report, and including reform of the rules of the Stability and Growth Pact (SGP).

Second, a number of short- and medium-term priorities have been developed in-house, which are in line with the overall orientation by the President and the Commissioner. Particular concerns include the weakness of the banking sector, the overall fiscal stance and the policy mix, the progress in structural reforms and the future of the fiscal framework. The 2017 plan contains an ambitious work programme in these areas.

Finally, alongside new initiatives, much of the work for 2017 will involve DG ECFIN's core business and annual cycle of work.

Work in DG ECFIN is complemented through its interaction with the **Economic and Financial Committee (EFC)**, the **Economic Policy Committee (EPC)** and the **Eurogroup Working Group (EWG)**. The EFC is a committee of the EU set up to promote policy coordination among Member States (MS), primarily on economic, fiscal and financial matters. The EPC focuses on coordinating MS on structural policies for improving growth potential and employment in the EU. The EWG coordinates MS on euro area specific issues and is steered, uniquely, by a Brussels-based permanent President. These three parent committees together with their respective sub-committees and Presidents are assisted by a Secretariat, which also provides support for the Eurogroup and its President. The Secretariat is based in DG ECFIN and is the means through which legislative proposals start their journey through their approval process and through which ECFIN interacts with the MS.

³ Policy priorities mentioned in the State of the Union address and the Commission Work Programme (CWP) are marked with an asterisk (*) in the tables

General objectives, specific objectives and main activities for DG ECFIN

General Objectives	Specific Objectives	Activities
A new boost for jobs, growth and investment	Promoting growth and employment-enhancing policies in the euro area and the EU	<ul style="list-style-type: none"> - Analysis and development of growth and employment enhancing policies - Management of tools and processes to support the implementation of growth and employment enhancing policies
A new boost for jobs, growth and investment	Promoting macro-economic and fiscal stability in the euro area and the EU	<ul style="list-style-type: none"> - Undertaking fiscal surveillance of Member States' economies - Contributing to the prevention/correction of macroeconomic imbalances
A new boost for jobs, growth and investment	Promoting investment in the EU	<ul style="list-style-type: none"> - Mobilising the Investment Plan effectively towards increasing private sector participation - Enhancing the efficient use of EU resources via financial instruments with a special focus on Small and Medium Enterprises and infrastructure - Ensuring sound and efficient management and follow-up of financial operations
A new boost for jobs, growth and investment	Promoting prosperity beyond the EU	<ul style="list-style-type: none"> - Promoting EU interest, cooperation in the external field and coordinating EU positions in the G7, G20, IMF, EIB/EIF, EIB External Lending Mandate (ELM) and governing bodies of the EBRD and other IFIs - Supporting macro-financial stability and promoting growth-enhancing reforms outside the EU, including regular economic dialogues with key partners and by providing macro-financial assistance - Supporting the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessments and advice
A deeper and fairer EMU	Improving the efficient functioning of the EMU	<ul style="list-style-type: none"> - Completing EMU by implementing the proposals in the Five Presidents' Report - Ensuring euro area reforms proceed within the framework of the European Semester - Providing financial assistance to Member States - Strengthening the platform for future enlargement of the euro area - Protecting the euro against counterfeiting and managing the euro cash policy and legislation

PART 1. MAIN OUTPUTS FOR THE YEAR

General Objective 1: A new boost for jobs, growth and investment

This general objective of the Commission covers most of ECFIN's work. It includes much of the European Semester, which has expanded to encompass the principal means of surveillance of MS' economies, and the analytical work that underpins the surveillance. It also includes the DG's work on investment both through the surveillance procedure and through specific initiatives such as the Investment Plan for Europe (IPE). The promotion of prosperity beyond the EU falls under this objective and is of increasing importance, particularly with respect to our geographical neighbourhood.

For 2017, the key challenges under this objective are to lift productivity and growth from their new low normal through structural and institutional reforms – including the promotion of investment – to promote economic rebalancing and real convergence and to advance on sustainability and ensure compliance with the SGP, while supporting monetary policy and ensuring sufficient investment. The DG will also focus its interactions with the rest of the world, in ensuring that economic policies contribute to the attainment of the Commission's aims.

Specific Objective 1: Promoting growth and employment-enhancing policies in the euro area and the EU

Specific objective 1 covers ECFIN's analytical work, particularly that of a cross-cutting nature, which provides the intellectual underpinning for policy development – including the economic service function which extends beyond ECFIN – and ECFIN's policy recommendations. This is particularly the case for those related to growth, productivity and structural and institutional reforms. It plans to open new streams of thinking in relevant policy areas – including where synergies can be found across work streams or policy areas. It also covers auxiliary activities that support the preparation and adoption of policies supporting growth and employment.

In 2017, concerns on the European policy agenda include the inclusiveness and distribution of growth and its rewards and the challenge of migration/refugees. Both these will feature in ECFIN's economic analysis as a means of contributing to the work linked to the European Semester. 2017 should mark the start of more intensive work on the Multi-annual Financial Framework (MFF) for the EU, with opportunities to anchor it in delivering growth more effectively.

Activity 1: Analysis and development of growth and employment enhancing policies

This activity encompasses the development of policies and the analysis underpinning them. The work undertaken under this activity then feeds into the DG's procedures, including surveillance procedures linked to the European Semester.

Since 2011 the EU has set up a yearly cycle of economic policy coordination called the **European Semester**⁴. Each year, the Commission undertakes a detailed analysis of EU

⁴ The European Semester covers all Member States, except those that are under a macroeconomic adjustment programme. Only Greece remains under a programme.

MS' plans of macroeconomic, budgetary and structural reforms and provides them with country-specific recommendations (CSRs) for the next 12-18 months. These recommendations also contribute to the objectives of the EU's long-term strategy for jobs and growth, the Europe 2020 strategy, which is monitored in the context of the European Semester.

The European Semester has evolved over time and in 2015 the Commission has made a number of changes to this process with the aim of increasing political ownership and accountability of European and national decision-making. These include:

- a better focus on the priorities of the Annual Growth Survey (AGS) with fewer and more targeted recommendations on just a few key priority areas for action;
- an earlier publication of country-specific and euro area analyses to allow for deep discussions with MS and social partners on the key issues; a first step in this regard was taken to advance the publication of the Staff Working Documents – which are currently called Country Reports (CRs) from May to February, leaving more time for multilateral discussions on the Commission assessment of the macroeconomic situation in MS;
- a more intensive outreach at political and technical levels to discuss past and future recommendations;
- an adjusted timetable to give more time for all actors to discuss and agree priorities from a European perspective and to compare national performance and priorities in this light;
- a further strengthening of high level political visits to MS and increased coordination of the technical missions, with the ultimate objective to have one single mission per country covering all European Semester related issues.

The **CRs** provide the main analytical underpinning for CSRs⁵ which identify for each MS growth, employment-oriented and social priorities. The purpose of the CRs is to analyse economic and social developments, to identify key macroeconomic and structural challenges and to assess progress in advancing structural reforms. For MS selected in the Alert Mechanism Report (AMR), the CR includes the **In-depth Review (IDR)** which is the analytical basis on which countries are identified as having macroeconomic imbalances. These reports also provide a follow-up on previous recommendations and the national Europe 2020 targets, as an annex.

The **CSRs** provide operational guidance to MS to comply with the budgetary surveillance framework, to preserve sustainable public finances, to address identified macroeconomic imbalances, and to foster growth and jobs, including by removing bottlenecks preventing growth and job creation. They are adopted in May each year by the Commission. While DG ECFIN coordinates and holds the pen for the CRs and in particular the IDR analysis, it provides input to the Secretariat General (SG) for the preparation of the CSRs, especially for those related to the fiscal/SGP and Macro Imbalance Procedure (MIP) –related issues. To prepare its input ECFIN organises cross-consistency meetings involving the country directorates to discuss the ECFIN draft CSRs for each MS.

DG ECFIN's **economic forecasts** concentrate on the EU, its individual MS, and the euro area but also include outlooks for some of the world's other major economies, and countries that are candidates for EU membership.

The forecasts extend over a time horizon of at least two years and cover about 180 variables. The forecasts are not based on a centralised econometric model, but are

⁵ The Country Reports are not approved by the College as they are considered technical staff working documents.

analyses made by DG ECFIN country desks, using models and expert knowledge. Consistency is ensured by a number of cross-country and cross-variable checks. Forecasts for the EU and the euro area are created by aggregating the data of the individual MS.

DG ECFIN's forecasts are published three times a year in sync with the EU's annual cycle of economic surveillance procedures, the European Semester.

Business and consumer survey (BCS) data reflect the opinions of managers and consumers about past, current and future economic developments. Thanks to their timeliness, tendency surveys provide useful information about the current state of the economy and are widely used to forecast short-term developments. The high degree of harmonisation allows comparisons of cyclical developments across MS and Candidate Countries and the construction of meaningful EU and euro-area indicators to monitor macroeconomic developments across Europe.

One of the main priorities of the Commission is to take action to foster investment in the context of the Investment Plan, including by better exploiting synergies and complementarities between the three pillars. Under the **Third pillar of the Investment Plan**, DG ECFIN is pursuing its analytical work on the identification and assessment of main barriers to investment and will reflect these findings into further recommendations in the context of the European Semester. DG ECFIN will continue its dialogue with MS through its thematic work to identify further investment bottlenecks and best policy practices to address them. In doing so, it will also continue to cooperate with the European Investment Bank (EIB) which is to report on a regular basis on its findings on bottlenecks to investment in its operational activities, notably under the Investment Plan for Europe (IPE).

To better integrate **inequality developments** from a macroeconomic perspective into the EU surveillance framework, DG ECFIN proposes an indicator-based approach to be used in the 2017 country reports to be complemented by a more comprehensive framework for the macroeconomic assessment of inequalities and their consequences, over the course of the year. This will enable inequality to feature more strongly in the work of the DG, with more emphasis being placed on inclusiveness in policy-making.

DG ECFIN analyses the distributional implications of tax policies to reconcile efficiency and equity considerations. In collaboration with DG JRC and based on the microsimulation model EUROMOD, the fiscal and redistributive effects of tax reforms are assessed. In addition, the work on the distributional effects of policies will be progressively extended from taxation to other types of structural reforms and policies in 2017.

Structural reforms are supply-side reforms that tackle obstacles to the fundamental drivers of growth by making them more flexible and adaptable to shocks and more competitive and productive in the long run. They are designed to boost an economy's competitiveness, growth potential and adjustment capacity. The term covers a wide range of measures: in labour markets (e.g. aligning wage and productivity developments, active labour market policies), in product and service markets (e.g. eliminating entry and exit barriers), in knowledge markets (e.g. efficiency in R&D systems, reducing skills mismatches), as well as reforms that improve the general business environment (e.g. reduction of administrative burdens, efficiency of justice systems). A large part of the structural-reforms response to the crisis has focused on "competition-enhancing" reforms, which need to be complemented by reforms that boost productivity across the board, in a holistic sense – *reforms 2.0* – by shifting the focus to, e.g., human capital and knowledge in general. Analytical work on the effects of structural reforms, not only on productivity and adjustment capacity but also on distributional implications of structural reforms, as well as on the complementarities and sequencing of reforms is part of the work of DG ECFIN. One analytical tool available is the macroeconomic model QUEST of DG ECFIN, which can be used to trace the impact of

policy measures on specific income categories. The aim is to contribute to evidence-based policy making and a better design of policy action.

An important part of the work in DG ECFIN is to deepen the understanding of fundamental drivers of productivity growth (role of skill developments and skill gaps, innovation dynamics, reallocation patterns of capital and labour including cross-border mobility). The questions to be addressed include the role of labour, product and knowledge markets in the analysis of growth drivers; the understanding of the workings of specific markets in individual countries and at EU level (the Single Market) and the operationalisation of the **Third Pillar of the Investment Plan**.

For the analysis of **macroeconomic shocks and policies**, the QUEST model is regularly used. This work also feeds into the ECFIN forecast. Due to the forthcoming withdrawal of the United Kingdom from the EU and a revival of protectionist tendencies more work will be needed to analyse their impact on the EU and its MS. More analytical work will also be required for evaluating the effects of trade integration in general and the internal market in particular.

EU MS' economies have a significant potential for promoting growth and jobs by implementing policy reforms. **Benchmarking exercises** can help foster the implementation of structural reforms, including the completion of the Internal Market. The cross-examination of performance allows important policy challenges to be identified and lessons to be drawn from countries' experiences and practices. Benchmarking can also enhance the ownership of structural reforms by MS. To address the high tax burden on labour, DG ECFIN benchmarks euro area MS' tax burden on labour against the GDP-weighted EU average. Annual stock-taking of the reduction in the tax burden on labour is done when discussing the draft budgetary plans of euro area MS. Pilot work in a number of other policy areas will be pursued in 2017.

DG ECFIN also has an important **Economic service function** with the assessment of new EU policy initiatives. The approach has to be selective and concentrated on strategic initiatives with the highest macro-economic impact and link to investment, in particular initiatives related to the single market strategy for goods and services; as well as initiatives in the areas of Energy Union, Taxation, the Skills agenda and European Pillar of Social Rights. DG ECFIN will provide relevant analysis in the framework of discussions on the next MFF. In particular, analysis on EU expenditures will be made, on the basis of EU value added. The objective would be to strengthen the provision of key EU public goods (e.g. migration and security, climate change) and to align the EU budget with EU priorities. In addition, other areas such as the link between the EU budget and structural reforms, the use of financial instruments and other instruments for external assistance (e.g. macro-financial assistance (MFA), external financial instruments for migration, etc.) will be included in the reflection. Finally, DG ECFIN will continue to analyse migration issues, from both an EU budget and labour market perspective.

Activity 2: Management of tools and processes to support the implementation of growth and employment enhancing policies

This activity relates to the development of supportive actions that enable policies to be developed.

The scope of the **evaluation of ECFIN's forecasting services** 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 Court of Auditors (CoA) on economic surveillance which a priori would cover forecasting services.

The assessment of the cyclical position of the EU economy provides input into the working of the **OGWG**. For 2017, this work should gain in political significance, as the DG attaches importance to the overall EU fiscal stance. In addition to the current work on output gaps, the following additional workstreams will be pursued in 2017: i) Production of medium term macroeconomic projections for use in various policy surveillance procedures; ii) Use and further development of the recently approved Plausibility Tool as an additional mechanism for improving our understanding about the uncertainty surrounding the output gap estimates used in the fiscal surveillance and iii) Study on the sensitivity of potential growth to demand side influences.

Regarding the possible comprehensive settlement of the Cyprus issue, it is of key importance to ensure that the ongoing **settlement talks between the Turkish and Greek Cypriot communities** that resumed in May 2015 lead to a solution that is sustainable also from an economic and fiscal perspective in the context of the euro area. In this respect, there are currently at least four challenges which deserve particular attention: (1) The institutional arrangements envisaged for a federal Cyprus; (2) the fiscal situation in the Turkish Cypriot constituent state (TCcs) and its financing; (3) the extension of the euro to the TCcs; and (4) the possible costs of compensation of dispossessed property. In addition, in order to lay the foundations for a sustainable unified Cyprus, it would be necessary to ensure correction of current fiscal, domestic and external imbalances in the TCcs. Analytical work being undertaken in DG ECFIN aims at better understanding the current state of play in the TCcs and ensuring a smooth convergence and reform process following an eventual reunification.

In the context of the **Article 50 negotiations with the UK**, which are expected to start in 2017, ECFIN-managed financial instruments implying budgetary liabilities for the UK will have to be adjusted. In addition, ECFIN staff stands ready to provide the Article 50 Task Force with analytical support so as to assess negotiation options with a view to their economic impact on the EU. Moreover, it is expected that work related to EU economic surveillance continues to be applied to the UK.

Specific Objective 2: Promoting macro-economic and fiscal stability in the euro area and the EU

This specific objective focuses on the development and implementation of the MIP and the SGP. It covers the outputs under the European Semester. It puts into action the policies that are developed under specific objective one, under the surveillance agenda set out by the legislation.

In 2017, the application of the SGP should follow the guidelines set out by the President in his Letter of Intent and be mindful of the economic needs of the euro area. Making use of flexibilities to deliver investment and structural reforms has clearly been flagged, and ECFIN will need to provide balanced considerations about the need for an adequate policy mix as well as the need for sustainability. In terms of the MIP, the emphasis will continue to evolve with the economic challenges with a clear aim to reduce outstanding imbalances, avert the build-up of new ones and promote rebalancing and real convergence. In line with the new direction towards more concern for inequality and inclusiveness, the work in the European Semester will place more emphasis on these issues.

Activity 3: Undertaking fiscal surveillance of MS' economies

The activity covers the implementation of the SGP, including Commission activities stemming from the Two-pack and other legislation in the fiscal area.

Ensuring an **effective fiscal surveillance** is of key importance to promote and maintain fiscal stability in the euro area and the EU. To this end, a number of dedicated documents are prepared by DG ECFIN. These documents can take the form of (i)

dedicated notes to the ECOFIN or its Committees (i.e. EFC or EWG), (ii) legal documents and, where relevant, accompanying SWDs as foreseen under the SGP, (iii) country-specific Commission Opinions on the Draft Budgetary Plans (DBPs) (Two-pack) and (iv) Commission Communications in case of the overall assessment of DBPs in the euro area.

The gradual recovery and the past budgetary efforts provide an opportunity to stabilise and reduce where needed debts and structural deficits. According to the Treaty and the secondary legislation enshrined in the SGP, the Commission is in charge of implementing the surveillance of fiscal policies of MS. Fiscal surveillance has been strengthened and broadened with the introduction of the so called Six-pack, Two-pack and the Fiscal Compact. DG ECFIN is in the lead in the Commission for exercising the Commission's responsibilities in fiscal surveillance, in particular monitoring compliance with the SGP rules.

Activity 4: Contributing to the prevention/correction of macroeconomic imbalances

This activity covers most of the work relating to the procedures linked to the MIP and the CSRs under the European Semester.

To promote the pursuit by MS of sound macro-economic policies, reduce imbalances in countries and promote rebalancing across countries, within the context of the EU 2020 strategy and the European Semester, the European Commission will continue to identify and address imbalances that hinder the smooth functioning of the economies of MS, the economy of the EU, and may jeopardise the proper functioning of the EMU, through the application of the **MIP**. The **Alert Mechanism Report (AMR)**, through a reading of a scoreboard of indicators, screens MS for risks of economic imbalances that require further investigation. To this end MS selected in the AMR are then analysed in an **IDR** to assess how macroeconomic risks in the MS are accumulating or winding down, and to conclude on the existence and degree of imbalances. The findings of the IDRs for the relevant MS support the CSRs under the European Semester of economic policy coordination.

In 2017, for the first time, a multiannual exercise of **CSR implementation** through the European Semester cycles will be run. This will give a clearer picture of the evolution of progress since the CSRs were first adopted. This exercise is intended to complement the existing annual reporting on CSR assessment by capturing the progress achieved during a longer time frame than a single European Semester cycle. This, together with updated assessment definitions has been explained in a note which will be discussed in the Committees. The CSR assessment results of February will be presented to ECOFIN and EPSCO Committees. As of Q4 2016, the CSR monitoring online tool CeSaR is being extended to all other DGs involved in the CSR assessment process.

Specific Objective 3: Promoting investment in the EU

The specific objective on promoting investment covers direct action in the EU to increase investment spending. Given the fall in investment spending at national level in recent years, combined with low fiscal space for a number of countries, direct actions at EU level are an area of growing economic and political importance.

In 2017 the expansion and extension of the European Fund for Strategic Investments (EFSI) announced in the State of the Union is a clear policy priority for the Commission, and is DG ECFIN's main priority for this objective. There is also a link to EMU deepening.

Activity 5: Mobilising the Investment Plan effectively towards increasing private sector participation

This activity looks at progress towards the key objective of the Investment Plan to make smart use of scarce budgetary resources while mobilising private investments in projects supporting strategic EU policy objectives throughout the EU.

a) The **EFSI** is the first pillar of the IPE, aiming to mobilise at least € 315 billion in additional investment through operations undertaken in 2015-2018, especially by crowding in private sector investments. The EFSI Regulation entered into force in July 2015. EFSI projects need to be economically and technically viable, consistent with Union policies, provide additionality and maximise the mobilisation of private sector capital. EFSI is a very flexible instrument and fully demand-driven with no sectorial or geographical pre-allocations. EFSI finances projects through the so-called Infrastructure and Innovation window (IIW), or through the so-called SME window (SMEW). In light of the very encouraging start with a high number of signed operations, € 0.5 billion was reallocated from IIW to SMEW in 2016, thus increasing available budgetary resources from € 5 billion to € 5.5 billion under the SMEW.

b) The conversion of the InnovFin SMEG, COSME and EaSI frontloading products under the **EFSI SMEW** to a permanent topping up of the EU budget allocations to those instruments is a response to the very positive uptake of these instruments. At the current speed of implementation, the available combined financing from the EU level instruments and the EU guarantee under EFSI would be fully deployed early in 2017. Frontloading of instruments allowed for a faster implementation of InnovFin SMEG, COSME and EaSI, however these instruments are limited in size to the original budgetary allocations for these programmes for the period 2014-2020. Topping up these instruments will ensure a smooth implementation of the respective instruments by adding additional resources from EFSI, making combined EU level programme and EFSI contribution more sizeable. The EU level programme will serve as a first loss protection, while the EFSI guarantee covers the second loss exposure. The enhancement of the overall size of the budgetary allocations for these instruments enables the EIF to finance a significant extra volume of eligible operations.

The current low appetite of banks to lend to SMEs is partly due to capital requirements and accumulation of risky assets on their balance sheets. A securitisation instrument will address this issue through providing banks with capital relief, allowing them to share the risk with investors. The € 100 million securitisation instrument in the context of the EFSI SMEW will further enhance access to finance for SMEs by enabling the origination of new portfolios of loans to SMEs by the participating financial institutions. At the same time the securitisation instrument will facilitate the unblocking of alternative lending channels to the SMEs.

c) **The Pan-European Venture Capital (VC) Fund of Funds** programme was launched with a call for expression of interest in November 2016. It aims to further address Europe's equity gap, the fragmentation of the VC market and to attract additional private funding from institutional investors into the EU VC asset class. The Programme forms part of the IPE, the Capital Markets Union Action Plan, the Digital Single Market strategy, the Single Market Strategy and Open Innovation strand of Horizon 2020.

The deadline for submission of the applications is 31 January 2017. After this date, the Commission, assisted by independent experts, will need to assess all applications and score them for compliance with policy fit criteria. Thereafter, the European Investment Fund (EIF) will assess the expected commercial performance of the project and ultimately sign an agreement with one or more financial intermediaries. The Commission's assessment should be finalised in Q1, and the EIF's signature with intermediaries can take place in Q2 or Q3.

d) **EFSI 2.0:** The legislative proposal to extend the duration of the EFSI and to enhance the role of the European Investment Advisory Hub (EIAH) was adopted on 14 September 2016. It increases the investment target to at least € 500 billion by the end of 2020 and

also introduces some enhancements taking into account the lessons learnt in the first year of implementation of the EFSI, which also respond to the recommendations made by the independent evaluation. It is accompanied by the evaluations from the Commission, the EIB and the external evaluation foreseen in the EFSI Regulation and which was published on 14 November 2016. All three evaluations will feed into the legislative discussions.

The common position of the Council is expected for early December 2016. The European Parliament is just about starting its examination of the proposal. Its report is currently foreseen to be adopted in February/March, followed by trilogues in March/April and a plenary vote possibly in May 2017.

Once the amended EFSI Regulation is adopted, the EFSI Agreement will need to be adjusted accordingly during the 2H 2017.

In this context it will be necessary to agree and finalise a proposal on the allocation of the additional guarantee capacity to various instruments in the framework of the EFSI SMEW and to negotiate the required amendments to the contractual documentation. Part of this work can be finalised in 2017, with a likely need to continue on specific instruments in 2018.

e) **The EIAH/the Advisory Hub** went live on 1 September 2015 and offers project promoters a single point of entry for technical assistance, as well as guidance and advice for project promoters, to help ensure that good ideas can be turned into viable projects that result into extra financing reaching the real economy. In doing so, EIAH should help to strengthen Europe's investment and business environment. The EIB is responsible for the management of the Hub which is established within the Bank. After one year, the Advisory Hub is still in its ramp up phase but is already delivering technical assistance, redirecting requests internally to specialised technical assistance providers or externally by signposting the requestors to the relevant providers. In order to reflect the EFSI 2.0 proposal, EIAH will have to continue to develop its regional and local capacities, to improve its visibility and to tailor its technical assistance to address specific needs. The Advisory Hub should also contribute actively to the objective of sectorial and geographical diversification of the EFSI and support the EIB where needed in originating projects. The EIB and the Commission will be working together for defining the work programme underlying the 2017 Specific Grant Agreement.

f) **The European Investment Project Portal (EIPP)** has been successfully launched in June 2016. Designed as a bridge between EU project promoters and investors worldwide, as of mid-November 2016, the EIPP offers more than 130 investment opportunities.

The objective for 2017 is to continue to develop the pipeline of projects by raising awareness of the Portal among all stakeholders: private/public project promoters and investors. The efforts undertaken in 2016 to develop the pipeline will be pursued by focusing on the following sectors: (1) Knowledge and Digital Economy, (2) Energy Union, (3) Resources and Environment, (4) Social infrastructure (including tourism) and (5) Financing SMEs and Mid-Caps.

The EIPP website (<https://ec.europa.eu/eipp/>) and the IT interface will be enhanced in 2017 with new functionalities offered to all its users (promoters, investors and the EIPP screening team). These features aim to streamline the project submission process and the screening procedures.

Activity 6: Enhancing the efficient use of EU resources via financial instruments with a special focus on SMEs and infrastructure

This activity covers the use of the EU's resources in delivering investment using financial instruments.

Financial instruments are a recognised delivery mechanism of financial support from the EU budget, complementing grants. They typically support access to finance for companies, helping them to invest, grow and create jobs, but can also be used to support lending to vulnerable target groups, students and other beneficiaries. They can take the form of guarantees, risk-sharing or equity investments and can be combined with grants or other types of support. These instruments are deployed through a cascade of entities typically involving international financial intermediaries and market-based financial intermediaries which can identify economically viable projects in the real economy. The support that is necessary to make these projects financeable on a market-basis is kept to the necessary minimum, to avoid unwanted market distortions. Financial instruments are used to attract private funding to projects supported by the EU policies and one of their key characteristics is leverage – the ability to ensure financing of final beneficiaries that is a multiple of the EU's budgetary input.

a) **EIF governance related activity:** EIF Board activities/Management of EIF shareholding

ECFIN ensures a proper liaison with the International Financial Institutions (IFIs) in charge of the implementation of the financial instruments, and particularly with the EIF. It prepares the EIF Board of Directors' meetings as well as the EIF annual General Meeting, including the nomination of Board members and the determination of the EIF capital necessary for present and upcoming transactions. In that respect, DG ECFIN i) fosters enhanced co-ordination between the Commission and the EIF, while promoting both consistency among IFIs and development as well as pursuit of EU policies, and ii) coordinates the EU position in the governance of the EIF, notably by supporting the Commission representatives in its governing bodies.

b) DG ECFIN's role as **Competence Centre for Financial Instruments**

Based on a long experience in designing and managing financial instruments. DG ECFIN assumes the role of coordinator for all centrally-managed financing programmes using financial instruments, including through its central role as the secretariat of the EFSI Inter-service Working Group and the Financial Instruments Inter-service Expert Group (FIIEG, as co-chaired with DG BUDG). Policy DGs systematically involve DG ECFIN in the design of financial instruments, negotiations with IFIs for the conclusion of delegation agreements and also in subsequent monitoring, assessments and evaluations. To this extent, DG ECFIN will continue to advise on the structure and implementation of new financial instruments/initiatives to be potentially launched in 2017. An example is the Connecting Europe Facility Equity Instrument, blending of grants/financial instruments with private financing, including EFSI resources.

c) Monitoring of the implementation of legacy programmes in **guarantees and VC**

The implementation of the existing programmes from the previous MFF (CIP-GIF, CIP – SMEG, MAP, G&E) are monitored with a view to ensuring their compliance with the legal basis, the Fiduciary Management Agreements signed with the EIF and the Service Level Agreements signed with the EIF.

d) Visibility and awareness of the **impact of Financial Instruments**

i) Reporting package: Coordination and drafting of the reports to the budgetary authority on financial instruments as foreseen in the Articles 38(5), 49(1) and 140(8) of the Financial Regulation. The reporting package gives a complete overview on financial and operational status of the financial instruments managed by the Commission and is delivered to the budgetary authorities as well as national parliaments and the ECB.

ii) Seminars: external seminars on the financial instrument activities delivered both inside and outside DG ECFIN and the Commission.

Activity 7: Ensuring sound and efficient management and follow-up of financial operations

This activity covers direct investment activities from the EU Budget under the Euratom Treaty as well as the management of several management mandates.

Nuclear energy is a base load energy source which is part of the low carbon emission power generation. The choice in the energy mix in order to reach CO2 reduction target is a national responsibility. Since nuclear energy is excluded from the recently developed financial instrument, such a loan facility is contributing to the technology neutral approach to low carbon energy systems.

The general aim of the management of several asset management mandates, notably the available assets of the European Coal and Steel Community in liquidation (ECSC i.L.), the management of the Participants' Guarantee Fund (FP7/Horizon 2020) and the Competition fines - BUFI (budgetary fines) Portfolio is to generate the highest return available, while maintaining a high degree of stability and security and after having ensured there is sufficient liquidity to meet the obligations payable out of these funds.

Specific Objective 4: Promoting prosperity beyond the EU

This specific objective covers DG ECFIN's work with respect to countries and institutions beyond the EU. DG ECFIN prepares the participation of the Commission and the EU in IMF and G-Group meetings, in particular the G20 (including working groups e.g. Framework for Growth), G7/G8, as well as in EU meetings, where global economic matters are discussed. The cooperation with other international institutions has gained in prominence with the economic crisis as the need to find common approaches was felt. DG ECFIN's role in contributing to the EU's relations with the rest of the world has also been enhanced as the political situation in the EU's neighbourhood has risen up the policy agenda. The macro-financial assistance (MFA) instrument has gained in importance in recent years and its role in the Partnership Framework with third countries under the European Agenda on Migration was set out in June 2016. Work relating to candidate and pre-candidate countries also comes under this objective, as does economic analysis of major economies around the globe.

In 2017, the work on MFA will continue from 2016, with the implementation of ongoing operations (notably in Ukraine, Tunisia and Georgia) and possible new programmes being launched (for Jordan and Moldova), depending on neighbourhood countries' requests and macroeconomic stabilisation needs. The new External Investment Plan (EIP) was announced in the State of the Union and will be an EFSI-like instrument for Europe's neighbourhood, primarily Africa. It will contribute to addressing the root causes of migration by attracting fresh investment in Europe's neighbourhood. For our nearer neighbours, DG ECFIN will continue to support the enlargement process by assessing Economic Reform Programmes (ERPs) in preparation of the Economic and Financial Dialogue of the EU with the Western Balkans and Turkey, and evaluating compliance with the economic criteria for joining the EU. Fostering economic relations with non-EU countries and strengthening the role of the EU in international fora will remain important, particularly amid global uncertainty about the strength of the recovery and short-term economic prospects.

Activity 8: Promoting EU interest, cooperation in the external field and coordinating EU positions in the G7, G20, IMF, EIB/EIF, EIB External Lending Mandate (ELM) and governing bodies of the EBRD and other IFIs

DG ECFIN will ensure the effective participation of the Commission in G7, G20 finance track, and IMF meetings; contribute to the participation of the EU in G20 Sherpa

meetings, and the participation of the President in the G20 summit. DG ECFIN will provide contributions to the discussion on global economic developments and policy priorities in multilateral global fora, notably the G7, G20, and the IMF as well as coordinating and ensuring Commission participation in these fora. DG ECFIN will also lead the coordination of MS' positions in those through the preparation of common positions in written form, the EU G20 Terms of Reference (ToR) for G20 Deputy and Ministerial meetings and EU/euro area common language on horizontal IMF issues for discussion at the IMF Board.

DG ECFIN will promote, manage and enhance effective bilateral relations with non-EU G20 countries as regards macroeconomic developments and policy challenges.

DG ECFIN's overall aim is to strengthen the EU's position at the G7, G20, and IMF and to contribute to the stability of the international monetary system. A main priority in the G20 would be reaching agreement on how to improve the composition and quality of public finances with the aim of enhancing growth and promoting inclusiveness. It will also be important that work on financial regulatory reform and international tax transparency continues going forward. With regards to the IMF, it would be crucial that any work on improving cooperation with Regional Financing Arrangements (RFAs) will remain consistent with the arrangements of the EU and the euro area economic governance in Europe. The specificities of the EU institutional and legal framework would need to be duly taken into consideration.

The EIB Resilience initiative under the ELM forms an integral part of the EIP, alongside the European Fund for Sustainable Development (EFSD) and the EFSD Guarantee. In order to ensure coordination, the EIB will have a full seat on the Strategic Board of the new EFSD (Pillar 1 of the EIP). DG ECFIN will help to ensure alignment of EIB financial operations with EU legislation and policies and will contribute with monitoring the specific EIB Resilience initiative operations.

The EIP aims to contribute to the achievement of the Sustainable Development Goals, thus addressing root causes of migration. The EFSD will support investments and increased access to financing, primarily in Africa and the European neighbourhood, while maximising additionality. DG ECFIN will contribute with financial expertise and support the design of guarantee mechanisms and financial instruments.

Activity 9: Supporting macro-financial stability and promoting growth-enhancing reforms outside the EU, including regular economic dialogues with key partners and by providing MFA

Macroeconomic dialogues are essential to support, in cooperation notably with the European External Action Service (EEAS) and relevant line DGs, economic policies and reforms in partner countries, notably in the G20 and in the EU neighbourhood, with a view to promoting sustainable growth. They will also allow, in a context of increasing external risks in 2017, to better understand the key drivers of global economic developments, assess potential risks and spillovers to the EU economy and thus provide a more accurate framework for economic policy.

In addition, exceptional financial support in the form of **MFA** can help individual neighbouring countries that experience serious balance of payments tensions, provided that they meet the pre-conditions for MFA (respect for democratic mechanisms and human rights, as well as the existence of a disbursing IMF programme). Aside from addressing the beneficiary country's macroeconomic stabilisation needs, MFA also encourages economic adjustments and key structural reforms.

Of the countries benefitting from MFA, some are making progress towards macroeconomic stabilisation and the restoration of a sustainable external financial situation, whereas others require further efforts in the wake of a deteriorating international economic environment and, in some cases, regional political and security

challenges. In this context, the successful completion of ongoing MFA operations remains a priority. In 2017, DG ECFIN envisages full disbursement of the existing programmes in Georgia, Tunisia (MFA-I) and Ukraine (MFA-III), and substantial progress with the new operations in Tunisia (MFA-II) and Jordan (MFA-II), subject to the successful implementation of the policy measures agreed in the relevant MoU.

In addition, in the light of the persistent macroeconomic and financial instability in the neighbourhood, DG ECFIN is prepared to intervene with additional MFA, based on requests received to date or expected to be received imminently. In this respect, a new MFA operation in Moldova should be launched in early 2017.

DG ECFIN will continue working to ensure the proper use of MFA funds. In this respect, **evaluations** of the Jordan and Ukraine I & II programmes will be completed in 2017. These will focus 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 DG ECFIN.

Activity 10: Supporting the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessments and advice

All **enlargement countries** are – to varying degrees – suffering from macro-economic imbalances and significant structural obstacles to growth and competitiveness. None of them is yet complying with the economic accession criteria. Income convergence to the EU has stalled since the outbreak of the crisis in 2009. A new impetus for structural reforms is needed, together with continued efforts to reduce macroeconomic imbalances (e.g. high unemployment, increasing public debt, external sector vulnerabilities, impaired lending channels and high non-performing loans etc.).

Our analysis related to the annual medium-term **economic reform programmes** of enlargement countries is meant to promote policies focused on macroeconomic stability and long-term growth, and to prepare the Economic and Financial Dialogue of the EU with the Western Balkans and Turkey, which in turn offers jointly agreed guidance to effectively address macroeconomic challenges and structural weaknesses.

DG ECFIN also evaluates each year the level of preparedness and progress made by enlargement countries towards meeting the **economic criteria for joining the EU**. While a change of the timing from autumn to spring means that the enlargement package, of which the analysis of the economic accession criteria forms part, will not be adopted during 2017 but only in spring 2018, work on this work-stream will start in the last quarter of 2017.

Regarding **other third countries**, work focuses mainly on G20 partner countries and their efforts to contribute to strong, sustainable, balanced and inclusive global growth by implementing the three-pronged strategy of monetary and fiscal policy combined with structural reforms (notably as set out in the G20 growth strategies). The situation in G20 countries differs considerably in terms of economic development, the stage of the economic cycle as well as macroeconomic and structural challenges. DG ECFIN provides regular analyses of key macroeconomic trends and policy challenges in selected countries and on selected topics. DG ECFIN also regularly assesses the implementation of the G20 growth strategies of our partner countries as part of the G20 peer review process and prepares macroeconomic forecasts for the global economy and key partner countries (US, China, Japan, Russia, EFTA). These analyses aim at identifying possible spill-overs on the EU and the euro area, and also to inform the policy debate at EU and G20 level.

General Objective 5: A deeper and fairer EMU

This general objective takes two broad directions: how EMU is implemented now, and what changes should be made to its structure and implementation over

time. It covers the interpretation of the secondary legislation under the SGP and any changes to it or its application. It also covers deeper changes: any work on how EMU might look in the future would come under this objective. In this area, an ambitious project was launched by the Five Presidents' Report and this is the framework for work on the future of EMU. General objective five also covers the economy of the euro area – as distinguished from the sum of the economies of the MS – and the way that it is served by the rules and implementation of EMU, the euro as a currency and the conditions under which countries can become members of the single currency.

Specific Objective 5: Improving the efficient functioning of the Economic and Monetary Union

This specific objective covers the interpretation and changes to the legislation governing EMU. A part of this work is the result of changes to fiscal surveillance in the years since the crisis, which led to the Six-pack, Two-pack and TSCG being adopted. Work on risk reduction and risk sharing in EMU falls under this heading, including work on the banking sector. The specific objective covers financial assistance to euro area countries and the analysis and decisions as to whether countries with their own currencies can join the euro. Work to protect the euro as a currency is also covered.

In 2017, work on the future of EMU will be undertaken following the roadmap set out in the Five Presidents' Report. In the Letter of Intent accompanying his State of the Union address, the President set out some details as to how its implementation should look for 2017. There is key work to be done in delivering the White Paper on the future of Europe, including work on the SGP and making progress towards a fiscal capacity. Delivering on a common deposit insurance scheme (such as EDIS) and making concrete progress on a backstop for the Single Resolution Fund (SRF) are among the DG's priorities. Addressing the weaknesses in the banking sector – which poses a very significant economic risk – is also at the top of the aims of the DG.

The need for a euro area fiscal stance and for countries with fiscal space to invest has become a policy priority and was flagged by President Juncker in his Letter of Intent which advocated a positive fiscal stance for 2017. The operation of the new European Fiscal Board changes the institutional space and provides an opportunity to move towards a mutually beneficial working arrangement.

In line with previous years, the economic adjustment programme for Greece – now the only one – remains a policy area that continues to take up much Eurogroup time and attention. The DG will continue to work with Greece and with partner institutions to deliver reforms and support the return to strong growth and market access in Greece.

Activity 11: Completing EMU by implementing the proposals in the Five Presidents' Report

This activity covers all legislative work relating to EMU, including any changes to the SGP.

The Five Presidents' Report from June 2015 brings about concrete measures to move towards a stronger and complete Union that contributes to more jobs, growth and prosperity. Two stages were foreseen in that report. The initiatives that the Five Presidents proposed to implement in the short term (stage 1) include measures that do

not require a Treaty change and aim at making the EMU more effective, transparent, and democratic. Preparation of the more fundamental reforms towards completion of EMU in stage 2 has been initiated. A broad debate on the measures required has taken place in 2016, including through consultation with the stakeholders. Workshops and conferences have taken place in all euro area MS. As announced by President Juncker, during the State of the Union speech, the Commission will set out a broader vision for the future of Europe in a **White Paper** scheduled for March 2017. The White Paper will also address how to strengthen and reform EMU. And it will also take into account the political and democratic challenges our Union of 27 will be facing in the future.

The Commission Communication on a positive fiscal stance emphasised the role that fiscal policy should play in stabilising the economy in the current context, with the economic recovery failing to accelerate and inflation stuck at historically low levels. The discussion on the appropriate fiscal stance for the euro area is seen as a key aspect of the Commission's efforts to complete EMU. Delivering a positive fiscal stance of around 0.5% of GDP in 2017 creates, however, a degree of tension with the SGP rules that are meant to ensure to avoid major policy mistakes, namely excessive levels of deficits and government debt. In that respect, the **stability oriented review of the SGP** referred to in the Letter of Intent accompanying President Juncker's State of the Union address could help achieve a positive fiscal stance for the euro area or, by contrast, make such stance more difficult to achieve, depending on whether it will seek to strengthen the stabilisation or the sustainability objective of the Pact. Similarly, depending on the reading one makes of 'stability-oriented', a far-reaching review could be excluded. The latter aspect is also important in light of the ongoing discussion with the MS on SGP simplification, to the extent that introducing a genuinely single practical indicator of compliance with the SGP would necessitate more than a minor change in legislation.

On 17 June 2016 ECOFIN ministers discussed the follow-up to the Five Presidents' Report on EMU and endorsed the report by the EFC on **external representation**. In this context, EU MS agreed to update the 2007 EFC agreement on coordination in the IMF "with a view to making coordination simpler, more effective and operational and more transparent and to reflect the strengthened economic governance framework of the EU. It should include principles and practical arrangements for stepping up EU and euro area coordination on IMF matters. At the same time, it should ensure the room needed to operate strategically and to react to new circumstances". EFC and its sub-committee on IMF issues will be invited to agree on a new agreement in line with part one of the EFC report and which will replace the 2007 agreement on coordination.

Making best use of the potential of EMU requires an integrated financial system with a well-functioning allocation of financial resources and sustainable cross-border capital flows. To this end, DG ECFIN will continue to pro-actively follow the discussions on a common deposit insurance scheme (such as EDIS) and be actively involved in the discussions in the context of the Task Force on Coordinated Action (TFCA) regarding a backstop for the Single Resolution Board (SRB). Furthermore, DG ECFIN will continue to monitor the developments in the financial sector and contribute to the discussions on a coordinated approach to address the structural weaknesses in the banking sector. Most notably, this will involve work in finding an approach (coordinated⁶) at the European level to dealing with issues of concern in the financial sector – for example high shares of non-performing loans in banks' loan books –, including making best use of the flexibilities provided within the Bank Recovery and Resolution Directive (BRRD) and state aid framework.

Activity 12: Ensuring euro area reforms proceed within the framework of the European Semester

⁶ Some coordination is done on the national elements and some purely on the European elements.

This activity covers all work relating to the euro area dimension of economic policy – in contrast to work that relates to MS

Since 2011, the Commission has been proposing Recommendations for the euro area (EARs) as a whole. Since the 2016 European Semester cycle, the recommendations for the euro area and the SWD for the euro area have been published in November, together with the AGS, in order to better integrate the euro area and national dimensions of the EU economic governance through a more effective sequencing. The objective is for discussions and recommendations for the euro area as a whole to be held early in the Semester, before country-specific discussions in the first half of 2017, so that common challenges are addressed coherently by all. The EARs should be taken into account by the MS in the formulation of their 2017 National Reform Programmes (NRPs) and actions. The EARs are then taken into account by the Commission in the formulation of individual CSRs in the second stage of the Semester.

Activity 13: Providing financial assistance to MS

Greece has been receiving financial support from euro area MS and the IMF to cope with its financial difficulties and economic challenges since May 2010. In August 2015 a **third assistance programme** was launched under the European Stability Mechanism (ESM) framework.

As in the past, the current economic adjustment programme includes measures to sustain the Greek government's efforts to address economic imbalances, tackle social challenges, and pave the way for sustainable economic growth and job creation.

From 2011 until the end of 2013 the EU and the IMF provided financial assistance to **Ireland**. In December 2013, Ireland successfully completed the EU-IMF financial assistance programme, with the vast majority of policy conditions under the programme substantially met and investor confidence restored for the sovereign and the banks.

The agreement on the Economic Adjustment Programme for **Portugal** was formally adopted on 17 May 2011. In June 2014, Portugal exited its three year Economic Adjustment Programme which included the implementation of an ambitious reform agenda and contributed to regaining economic growth and restoring investor confidence for the sovereign.

Since April 2013 (Eurogroup/Ecofin Decision), both **Ireland** and **Portugal** have the option to lengthen the maturity of the loans granted by the EU from 12.5 to 19.5 years (maximum weighted average). The option is applicable to the loans maturing until 2026. Ireland exercised this option for the first time in 2015 and Portugal in 2016.

The financial assistance programme for the recapitalisation of financial institutions for **Spain** was formally agreed by the Eurogroup in July 2012 for a period of 18 months. Spain exited the programme successfully in January 2014.

The Economic Adjustment Programme for **Cyprus** was formally agreed in May 2013. In March 2016, Cyprus exited its three-year Economic Adjustment Programme which included the implementation of an ambitious reform agenda and contributed to ensuring financial stability, improving public finances and restoring sustainable economic growth.

Ireland, Portugal, Spain and Cyprus are now subject to **post-programme surveillance** (PPS). The objective of PPS is ultimately to measure the countries' capacity to repay their outstanding loans to EFSM, EFSF, ESM and/or bilateral lenders.

Under PPS, the Commission, in liaison with the European Central Bank, will (i) conduct regular review missions to assess the countries' economic, fiscal and financial situation; and (ii) prepare semi-annual assessments of the countries' economic, fiscal and financial situation and determine whether corrective measures are needed.

DG ECFIN will launch an **ex-post evaluation** of the Cyprus economic adjustment programme which is due to be finalised in 2017.

Activity 14: Strengthening the platform for future enlargement of the euro area

The **Convergence Reports** examine whether the MS satisfy the necessary conditions to adopt the single currency. The EC Treaty requires the Commission and the ECB to issue these reports at least once every two years or at the request of an EU MS which would like to join the euro area.

The conditions which the MS must meet, and which the Reports therefore examine, are: i) the convergence criteria (price stability, sound public finances, exchange rate stability and convergence in long-term interest rates) and ii) compatibility of national legislation with the 'acquis' (existing EU legislation) as regards the national central bank, notably its independence and that of the members of its decision-making bodies, its objectives, and its integration into the European System of Central Banks.

With the aim of contributing to strengthening the EMU and increase its resilience to shocks, particular attention will be devoted in the next Convergence Reports to the sustainability of convergence for those MS fulfilling the conditions for euro adoption.

Activity 15: Protecting the euro against counterfeiting and managing the euro cash policy and legislation

The overall protection of the euro banknotes and coins against counterfeiting and related fraud is achieved through specific legislative measures, training actions financed by the Pericles 2020 programme, technical assistance provided by the European Technical Scientific Centre (ETSC) and coordination among relevant stakeholders within the established cooperation fora.

The Pericles 2020 programme contributes to the prevention and combatting of counterfeiting and related fraud, enhancing the competitiveness of the EU's economy and securing the sustainability of public finances.

The implementation and management of Commission actions and grants co-financed under the Pericles 2020 programme contribute to the overall protection of the euro banknotes and coins against counterfeiting and also establish a close and regular cooperation and an exchange of information among all relevant stakeholders, as defined by Regulation (EU) No 331/2014.

A Medium Term evaluation on achievement of objectives, cost effectiveness and value added of the Pericles 2020 programme is foreseen in view of possible renewal, modification or suspension of the measures.

The euro cash policy and legislation aim at a stable framework of both coin legislation and cash policy, including the management of the Monetary Agreements with third countries (Andorra, Monaco, San Marino and Vatican).

The Commission will prepare a Communication on recent developments in relation to coins which also takes into account the follow-up of the Eurobarometer results on the use of the two lowest denominations of euro coins (1c and 2c).

The Commission will monitor the application by euro area MS of its recommendations to enhance the effectiveness of the Regulation on cross-border transportation of euro cash by road (follow-up of the Commission's review report).

The Commission Plan against terrorism financing has identified cash payments as potential facilitators of terrorism financing and proposed to explore the relevance of potential upper limits to cash payments at EU level. Some MS have in place prohibitions

for high value cash payments, which differ from MS to MS and could be detrimental to the proper functioning of the internal market.

PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR

A. Human resource management

The HR Modernisation project implemented according to the Communication on Synergies and Efficiencies of April 2016 makes changes to the way that HR services are delivered. HR services will be delivered by an Account Management Centre (AMC) inside DG HR. Each DG will have an HR Business Correspondent, responsible for defining HR strategy and taking HR decisions, in consultation with the management of the DG, as well as ensuring that the DG gets the HR service it needs, in cooperation with the AMC.

DG ECFIN will move to the new way of working in 2017. It will be supported by AMC 1 which will serve the following group of DGs: COMP, ECFIN, EMPL, FISMA, GROW, TAXUD and TRADE.

To define the HR strategy and priority actions for making progress towards the Strategic Plan targets is the responsibility of the HR Business Correspondent and will continue to be addressed in the DG Management Plan and Annual Activity Report.

In DG ECFIN, conscious of the need to align resources with the Commission's political priorities and make the best use of the talents of our staff while ensuring the best possible working conditions, a new HR Strategy for the period 2017-2020 will be put in place. It will have three main axes:

1. Ensure the alignment between resources and priorities

In order to ensure optimal structure and the continuous alignment of staff allocation with political and operational priorities in a constantly changing environment, in 2017 DG ECFIN will pilot benchmarking in the areas and tasks that lend themselves to this. In parallel to continuous interaction with all stakeholders, the new workload management tool will provide additional information to ensure a balanced allocation of human resources. ECFIN's "Teams for Themes" initiative, designed to stimulate increased flexibility and a more enhanced project-oriented way of working involving cross-directorate teams working on specific projects will be continued. There will also be particular focus on continuous collaboration and the optimisation and simplification of ECFIN's working methods at all levels. In this way, ECFIN will be in a better position to swiftly mobilise the resources and expertise of staff across the DG to react more quickly and more effectively to evolving or new challenges from the political level.

2. Matching talent with business needs

In 2017 ECFIN will first of all aim to establish a global picture of ECFIN's highly specialised staff's skills, competencies and knowledge with a view to promoting and developing staff's 'hidden' potential. To ensure the best possible match between capabilities and core business needs, ECFIN will initiate targeted training to enhance individual and organisational efficiency and effectiveness and will also examine the possibility of organising an internal 'career day'. In addition, proactive contact will be made with colleagues on their posts for some time to explore possibilities for internal mobility. ECFIN-specific career development initiatives and workshops will be put in place; particular attention will be paid to the different cohorts in ECFIN's AST community whose talents are not always known or fully exploited. In order to retain talent and further stimulate personal development, more visibility of non-management staff will be promoted. ECFIN's middle managers will continue to be encouraged to develop their leadership and interpersonal skills in order to better manage individuals, teams and stakeholders. Furthermore, following the very successful Career Development Programme for young AD women with potential which has resulted, over the last two years, in the appointment of 5 women colleagues to pre-management positions (thus increasing the pool from which candidates for middle management could be considered in the future) follow-up modules will be developed for different groups of colleagues. We

will continue to share DG ECFIN's highly specialised economic knowledge amongst colleagues by continuing the successful summer school and the lunch time debates.

3. Staff Engagement

In the 2016 Staff Survey, ECFIN's Employee Engagement Score increased slightly from 66% to 67%, which is 3 points above the Commission average. Ensuring the best possible working conditions for staff raises motivation, engagement and performance. In addition to continuing to ensure that all staff have a safe and comfortable working environment, ECFIN will promote the DG as a modern workplace with flexible working conditions and fair treatment amongst all colleagues. ECFIN's managers will be supported in developing common values, and in putting in place the right tools and measures to stimulate a feedback culture and ensure information and knowledge is exchanged freely with an emphasis on open discussion and shared experience. While the percentage of ECFIN colleagues who feel that the Commission cares for their well-being has remained stable at 38%, the organisation of a series of focus groups to better identify staff needs at all levels, individual meetings with Directors to discuss the results of the 2016 Staff Survey along with a brainstorming meeting with ECFIN's Middle Managers will all feed into ECFIN's staff engagement action plan for 2017. The latter should include concrete actions covering organisation, learning and development and general well-being initiatives in line with the Commission's fit@work programme.

Objective: The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Main outputs in 2017:

Output	Indicator	Target
ECFIN's career development programme for AD women: advanced modules to consolidate the impact of the programme.	Percentage of female representation in middle management (source of data: DG HR)	35% by 2019 as indicated in the targets set for each Directorate-General in the Commission decision SEC(2015)336 (re 28.2% on 1/1/2016, 32.4% on 1/11/2016)
	Percentage of female representation in pre-management positions (source of data: ECFIN)	30% by 2019 (re 28.6% on 1/11/2016)
Programme of well-being initiatives on the basis of identified needs, to be launched in 2017.	Percentage of staff who feel that the Commission cares about their well-being (source of data: DG HR – Commission staff survey)	50% by 2019 as determined by DG ECFIN (re 38% in 2014, 38% in 2016)
Management development actions; career development and feedback workshops for staff; targeted initiatives for AST colleagues.	Staff engagement index (source of data: DG HR – Commission staff survey)	70% by 2019 as determined by DG ECFIN (re 66% in 2014, 67% in 2016)

B. Financial Management: Internal control and Risk management

DG ECFIN manages both direct and indirect management types of operations and applies therefore various control systems and various forms of assurance to ensure the legality and regularity of its financial transactions. The past years have shown no design or operating deficiencies to be reported and the cost-effectiveness, while maybe leaving room for improvement, is nevertheless definitely acceptable. The time-to indicators are largely complied with.

The Authorising Officer by Delegation should have reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions including prevention, detection, correction and follow-up of fraud and irregularities.

DG ECFIN is developing a revised Anti-Fraud Strategy which will be accompanied by training and better targeting in the DG and revised in line with the Commission's own review of its Anti-Fraud Strategy (CAFS) currently ongoing.

Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions.

Main outputs in 2017:

Output	Indicator	Target
Financial transactions with legality and regularity issues kept at a level that allows for an unqualified assurance statement from the Authorising Officer by Delegation in the Annual Activity Report	Residual error rate (and corresponding amount at risk at closure) for 2017 transactions	Residual error rate between 0% and 2% according to the type of transaction and the management mode
Draft and final ex post control reports	Draft reports to be issued within 3 months after the collection of main evidence, final reports to be issued within 1 month after the AOSD provides comments.	Complete the ex post control assignments that will be approved in the 2017 ex post control programme and finalise draft reports from previous years

Objective 2: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2017:

Output	Indicator	Target
New effective and reliable controls as well as possible increases in existing controls will have to be matched by corresponding increases in related expenditures to achieve and sustain cost-effectiveness	Cost of controls over expenditures per control system for 2017 transactions	Cost ratio's identical or lower than 2016 for each control system
All calls for proposals	Time to inform; time to	Art. 128 FR for time to inform

with corresponding signing of framework partnership agreements and/or grant agreements and specific grant agreements shall comply with the periods specified in art. 128 FR. All payments shall comply with the time-limits specified in art. 92 FR	grant; time to pay	and time to grant and art. 92 FR for time to pay unless a stricter target is imposed by the Commission
Open audit recommendations	Number of Critical / Very Important recommendations overdue for more than 6 months	None
Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.		
Main outputs in 2017:		
Output	Indicator	Target
Implementation of the ECFIN Anti-Fraud Strategy (AFS) 2017	Adoption of the revised ECFIN AFS in early 2017 followed by implementation activities (awareness training on the revised Strategy)	Throughout 2017
Increased level of anti-fraud awareness	Number of participants from the DG in training sessions on anti-fraud	By end 2017, up to 10 colleagues should have followed an anti-fraud awareness course (at Commission or DG level), focusing on colleagues in areas where the DG may be vulnerable.

C. Better Regulation

The main planned outputs linked to the Better Regulation objective in the Strategic Plan are listed in Part 1 under the relevant specific objective. They are presented in the tables under the headings "All new initiatives and REFIT initiatives from the Commission Work Programme" and "other important items".

D. Information management aspects

The Commission adopted a new corporate strategy for data, knowledge and information management in October 2016. The new strategy establishes a corporate framework while leaving room for DGs to develop and implement their own approaches tailored to their unique needs.

ECFIN has improved its overall document management performance compared to previous years. In particular, the number of unfiled documents was reduced and the use

of country master files remained stable. In 2017, the number of unfiled documents will need to be further reduced. The proportion of registered emails ingested in the document management system (ARES) continues to be substantial.

The use of the electronic validation of documents (e.g. e-Signatory) will need to be further streamlined in collaboration with all the directorates. In line with the corporate objective to overcome silo mentalities the opening of files to other Commission services may also need to be studied carefully.

Objective: Information and knowledge in your DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable.

Main outputs in 2017:

Output	Indicator	Target
Reduce unfiled documents.	Registered documents not filed, 0,77% (11/2016)	< 0.5%
Reduce number of empty files.	Number of empty files, 5% (11/2016)	< 5%
Reduce number of unused files.	Number of unused files, 5% (11/2016)	< 7.5%
Increase use of country master files	Country master files, 114 documents on average per file (11/2016)	≥ 70
Increase the visibility of files in the DG	File visibility within ECFIN, 87% (11/2016)	≥ 70 %

E. External communication activities

External communication will continue supporting pro-actively DG ECFIN's outreach to key stakeholders and the public. Key messages will relate to DG ECFIN's contribution to the achievement of the political priorities of the Juncker Commission, notably priority 1 on jobs, growth and investment and priority 5 on a deeper and fairer EMU. For 2017, communication narratives will in particular focus on further deepening EMU, enhancing the euro area dimension of economic policy-making notably by ensuring that fiscal policy supports the recovery, boosting investment for jobs and growth notably through the IPE, making the case for structural reforms and tackling inequality. In addition DG ECFIN will, in close cooperation with DG COMM, seize the opportunity in 2017 to communicate on the benefits of the euro and the importance of completing EMU on the occasion of the 60th anniversary of the Treaty of Rome in March and the White Paper; the 25th anniversary of the Maastricht Treaty which launched EMU; and the 15th anniversary of the introduction of euro notes and coins. DG ECFIN communication activities will also cooperate with and fully support the corporate communication campaign on the Investment Plan for Europe which will be rolled out in 2017.

Using communication as a strategic tool integrated with policy-making and aligned with the overall political narrative for the Commission's economic policies, DG ECFIN's communication activities will continue and expand their outreach to a wide range of key target groups and multipliers and the public. The aim is to inform and explain to stakeholders and, where appropriate, the public how the economic policies of the Commission contribute to jobs, growth and investment and to a deeper and fairer EMU, and to shape and influence policy-making.

The communication activities to achieve these objectives listed below will be coordinated with the SPP and cabinet communication adviser, DG COMM, SG and other partner DGs and the European Semester Officers (ESO) network. They include a targeted stakeholder and journalist outreach programme and enhanced governance and planning framework

for DG ECFIN's analytical publication programme to inform and influence opinion-formers at the EU and national levels. The tools also include reaching out to the interested non-expert citizens with a new set of episodes for the video series "European Economy Explained" rendering complex EU economic issues more accessible and understandable, as well as infographics for the web and social media.

This outreach is complemented by a reinforced and broadened social media programme to join and influence the debate, make our voice heard, and win over new endorsers.

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

Main outputs in 2017:

Output	Indicator	Target
Outreach programme for stakeholders and journalists	Satisfaction rate as measured in questionnaires	8.0 out of 10
	Number of participants stating their likelihood to share the information learnt	70% very or fairly likely
	Number of participants who have a better opinion of the EU and/or its institutions as a results of the event	50%
Brussels Economic Forum 2017	Number of participants	800
	Satisfaction rate	7.5 out of 10
	Number of participants who made useful contacts	50%
Social media	Twitter: Number of impressions	0.5 million/month on average
	Facebook: Number of people reached	700 on average per post
	Twitter fan engagement rate	5.0% on average
	Facebook: Fan engagement rate	2.0% on average
	Comparative measurement of different content types	Likes/Views/Shares/Comments on Visual Economics, Videos, Real Economy, Flagship Publications, Regular Publications, Newsletters, Webpages, etc.
"European Economy Explained" video series	Number of views per video in first quarter	10,000
	Twitter: Fan engagement rate per video per quarter	6.5% on average
	Facebook: Fan engagement rate per video per quarter	1.5% on average
Real Economy	Number of views per video in first quarter (page views on website & apps)	80,000

	Number of views per video in first quarter (page views on YouTube Social media outreach: Unique browsers	2,800
Economic publications	Number of PDF downloads from the "Publications" website section, for all four series (Institutional Papers, Economic Briefs, Discussion Papers, Technical Papers)	200,000
	Number of quotations in economic and general press (media coverage) per Institutional Paper/Flagship publication	10
	Number of new subscriptions to the ECFIN publication mailing list	10% increase
ECFIN E-newsletter	Number of external subscribers	10% increase (currently 7800)
	Number of people who declare the publication met their expectations/ overall satisfaction (annual survey)	7.5 out of 10
Website	Number of visits	SAS 5,455,330; Piwik 1,989,922 ⁷
	Number of unique visitors	SAS 2,433,789; Piwik not available
	Number of page views	SAS 12,550,891; Piwik 4,219,542

Annual communication spending:

Baseline (2016)	Estimated commitments (2017)
€ 2 750 000	€ 2 500 000

F. Example(s) of initiatives to improve economy and efficiency of financial and non-financial activities of the DG

The workload management tool:

⁷ Estimations based on statistics produced during the period Jan/Nov 2016. Piwik was introduced as corporate tool for analytics as from May 2016, replacing SAS which will be phased-out. There is a known discrepancy between the figures generated by the two systems. Data coming from Piwik and related to the period Jan/Apr 2016 is taken from the pilot version of the software. These benchmarks do not take into account changes in the structure of the website and its content, and reduction/increase in the number of webpages further to the digital transformation process. The new web presence is planned to be online by Q1 2017.

Resources are shrinking but demands on ECFIN keep growing. As is true for all other DGs, ECFIN must optimise how it allocates its resources to its objectives. In order to do so, DG ECFIN needs to know how it is using its resources today so that we can adjust them accordingly. To that end and with senior managers' endorsement in March 2016, ECFIN has rolled out its own internally designed workload management tool in July.

The tool combines ex-post working time data from Sysper2 with estimates from middle managers on how resources at unit level are allocated to work streams defined by directors and linked to the 15 activities defined in ECFIN's Strategic Plan 2016-2020. By thus linking to activities and the DG's objectives, the tool establishes the resources dedicated to the work streams, activities and objectives at the level of the DG.

The tool therefore balances the administrative burden of reporting against the utility of its overall output – it is not too generic to be useful, nor too detailed. The quarterly reporting is not felt excessive and, by adopting the same approach as the DG's Strategic Plan, the tool synchronises well with the annual work cycle surrounding the development of management plans and directorates' work programmes. Synergies are exploited, making those separate exercises easier for directorates as well as more consistent and coherent.

Teams for Themes (T4T):

ECFIN faces a situation of tightening resources and rising demand for its output. The DG is currently subject to a 1% tax every year up to 2019, and that can go up to 2% with the redeployment exercise. Demand for ECFIN output can arise very suddenly in response to unexpected crises. Under these circumstances, flexibility is critically important for the DG which sometimes needs to respond faster than the annual resource planning cycle normally allows.

The T4T initiative was designed as a time-limited instrument precisely to introduce much more flexible working across the DG targeted at meeting sudden, unexpected demands. But not only that, the initiative helps to break up silos with, as an important side-effect, the facilitation and cross-fertilisation of ideas and experience across the DG.

In order to keep the T4T instrument visible and attractive to staff in DG ECFIN, efforts are made to ensure its visibility via a dedicated website and to ensure that T4T work is recognised in appraisal. Since the launch of the initiative in late 2015, ECFIN has established 7 such teams, demonstrating how actively this instrument is used.

Cooperation with the European Court of Auditors (ECA):

Economy, efficiency and effectiveness considerations constitute key elements of the European Court of Auditors' performance audits. Since 2014, the ECA has started investing considerable resources into the performance audits of DG ECFIN's core activities. Two special reports have been adopted so far: the first on the financial assistance to Member States in financial difficulties (BOP/EFSM) in 2015 and the second on the EDP in 2016. A third performance audit on the Commission's intervention in response to the Greek crisis is entering into its final stages, while the Court has launched two further performance audits in 2016 on the Marco-Economic Imbalances Procedure and on the European Semester, all of which will be finalised in the course of 2017.

While these performance audits are very resource-intensive on both sides, they contribute to the enhancement of DG ECFIN's functioning and to the achievement of its policy objectives, notably through the timely implementation of the Court's recommendations. In view of the ECA's growing involvement in ECFIN's activities and in the light of its shrinking resources, ECFIN must increasingly optimise the internal allocation of its resources with a view to achieving its objectives. In this context, Directorate R has taken on the overall coordination function of the relations with the Court, while a Vademecum is in preparation to provide guidance to ECFIN services on

how to draw maximum benefit from our cooperation and partnership with the Court. This document is meant to share best practices existing inside the house, in particular from DGs having extensive experience with the Court's activities.

List of Acronyms

AAR	Annual Activity Report
AFS	Anti-Fraud Strategy
AGS	Annual Growth Strategy
ALMP	Active Labour Market Policies
AMR	Alert Mechanism Report
BCS	Business and Consumer Survey
BoPs	Balance of Payments
BRRD	Bank Recovery and Resolution Directive
CCCTB	Common Consolidated Corporate Tax Base
CCEG	Counterfeit Coin Experts Group
CIP	Competitiveness and Innovation Framework Programme
CNAC	Coin National Analysis Centre
CoA	Court of Auditors
COMM	(DG) Communication
COSME	Competitiveness of Enterprises and Small and Medium-sized Enterprises
CR	Country Reports
CSRs	Country Specific Recommendations
DEVCO	(DG) International Cooperation and Development
DG	Directorate General
DBP	Draft Budgetary Plan
EA	euro area
EARs	euro area Recommendations
EaSI	Employment and Social Innovation
EBCI	European Business Consumer Index
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECEG	Euro Counterfeiting Experts Group
ECFIN	(DG) Economic and Financial Affairs
EDIS	European Deposit Insurance Scheme
EDP	Excessive Deficit Procedure
EEAS	European External Action Service
EEF	European Economic Forecast
EFC	Economic and Financial Committee
EFSD	European Fund for Sustainable Development
EFSF	European Financial Stability Fund
EFSI	European Fund for Strategic Investments
EFSM	European Financial Stabilisation Mechanism
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EIF	European Investment Fund
EIP	External Investment Plan
EIPP	European Investment Project Portal
ELM	External Lending mandate
EMPL	(DG) Employment, Social Affairs & Inclusion
EMU	Economic and Monetary Union
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
EPC	Economic Policy Committee
EPSCO	Employment, Social Policy, Health and Consumer Affairs
ERP	Economic Reform Programme
ES	European Semester
ESIF	European Structural and Investment Fund
ESM	European Stability Mechanism
ESO	European Semester Officer
ETSC	European Technical Scientific Centre
EU	European Union
EWG	Eurogroup Working Group

FIIEG	Financial Instruments Inter-service Expert Group
GDP	Gross Domestic Product
GIF	Growth and Innovative SME Facility
GROW	(DG) Internal Market, Industry, Entrepreneurship and SMEs
IDR	In Depth Review
IFIs	International Financial Institutions
IIW	Infrastructure & Innovation Window
IMF	International Monetary Fund
IPE	Investment Plan for Europe
JRC	Joint Research Centre
MDB	Multilateral Development Banks
MFA	Macro-Financial Assistance
MFF	Multi-Annual Financial Framework
MIP	Macro Imbalance Procedure
MoU	Memorandum of Understanding
MP	Management Plan
MS	Member States
NEAR	(DG) Neighbourhood and Enlargement negotiations
NPB	National Productivity Boards
NRPs	National Reform Programmes
OGWG	Output Gaps Working Group
OM	Organisational Management
PEFA	Public Expenditure and Financial Accountability
PPS	Post Programme Surveillance
QPF	Quality of Public Finances
R&D	Research & Development
REGIO	(DG) Regional & Urban Policy
RFAs	Regional Financing Arrangements
RSB	Regulatory Scrutiny Board
SCP	Stability and Convergence Programme
SDP	Significant Deviation Procedure
SG	Secretariat General
SGP	Stability and Growth Pact
SME	Small and Medium Enterprises
SMEG	Small and Medium Enterprise Guarantee
SMEW	Small and Medium Enterprise Window
SMIT	Single Market Information Tool
SP	Strategic Plan
SRB	Single Resolution Board
SRF	Single Resolution Fund
SWD	Staff Working Document
TAXUD	(DG) Taxation and Customs Union
T4T	Teams for Themes
TCcs	Turkish Cypriot constituent state
TFCA	Task Force on Coordinated Action
TFEU	Treaty on the Functioning of the European Union
ToR	Terms of Reference
TSCG	Treaty on Stability, Coordination and Governance
VC	Venture Capital
WB	World Bank

ANNEXES TO THE MANAGEMENT PLAN

Annex 1. Tables

Relevant general objective 1: A new boost for jobs, growth and investment		
Specific objective 1: Promoting growth and employment-enhancing policies in the euro area and the EU		
Activity 1: Analysis and development of growth and employment enhancing policies		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Preparatory work for CSR	<ul style="list-style-type: none"> - DG ECFIN input provided to SG for the CSR preparation - EPC discussion on implementation of CSRs related to investment 	<p>Q1, generally by mid-March</p> <p>Q2 2017 (tbc)</p>
Country reports including IDRs *	<ul style="list-style-type: none"> - Production of the country reports for 27 MS giving a view of the overall economic and social developments in each MS and including for 13 MS IDRs examining the existence and nature of possible macroeconomic imbalances - Adoption by the Commission of the horizontal (Chapeau) communication summarising the assessment of growth challenges, prevention and correction of macroeconomic imbalances 	<p>Q1 2017, provisionally 22 February</p> <p>Q1 2017, provisionally 22 February</p>
European economic forecast	<ul style="list-style-type: none"> Publication Winter Forecast Spring Forecast Autumn Forecast 	<p>February 2017</p> <p>May 2017</p> <p>November 2017</p>
Joint Harmonised EU Programme of BCSs	Publication of survey and related analyses, circulation of short-term forecasts/nowcasts	<p>Monthly BCS results: second last working day of the month; quarterly EBCI: one week after the end of the quarter; nowcasts: usually twice per month</p>
Analytical work on inequality and distributional issues	<ul style="list-style-type: none"> - Distributional consequences of selected tax reforms using EUROMOD simulations run by JRC - An indicator-based assessment of inequality from a macroeconomic perspective for the country reports - Workshop on the distributional impact of structural reforms 	<p>Q1 2017</p> <p>Q1 2017</p> <p>Q1/Q2 2017</p>
Analytical work on/assessment of structural reforms *	<ul style="list-style-type: none"> - Tax Assessment Framework; Fiscal and distributional impact of tax reforms; EPC Tax Dialogue on selected tax issues - Labour and product market rigidities and resource reallocation; Labour market frictions and cross-border mobility. 	<p>Q3-Q4 2017</p> <p>Q3 2017</p>

	<ul style="list-style-type: none"> - Labour, product and knowledge markets regulation and policies as determinants of intangible investment (i.e. knowledge assets). - Assessment of structural reforms in services at country level: contributions to country reports, notes on Cyprus (reunification). 	<p>Q3 2017</p> <p>Q1/Q2 2017</p>
Assessment of competitiveness; productivity; service sector; labour market; EU policies, tax policy; distributional impacts	<ul style="list-style-type: none"> - Internal ECFIN notes - Work on skill mismatches and productivity; on intangible assets and productivity; on mark-ups and productivity. - Work on non-price competitiveness and rebalancing (LIME note); on price and non-price competitiveness. - Market monitoring of services: methodology and country specific screening exercise (LIME note) - EPC tax dialogue on housing taxation - EPC-EA/EWG Thematic review of the financing of labour tax reforms (tbc) 	<p>Q3 2017</p> <p>Q2 2017</p> <p>Q1/Q2 2017</p> <p>Q1 2017</p> <p>Q3/Q4 2017</p>
Third Pillar of the Investment Plan *	<ul style="list-style-type: none"> - Internal ECFIN notes, notes to the EPC working groups (LIME), ECCWG, EWG, contributions to Country Reports - Institutional Paper: Removing barriers to investment (Main results from Third pillar thematic reviews) - EPC/LIME Thematic Review on Business regulation and administrative burden - EPC-EA/EWG Thematic review of Ease of Doing Business - EPC Thematic review – Investment in intangible assets - EPC Discussion on investment trends and bottlenecks in the Member States - EPC/LIME Thematic review Labour and product market regulation (possibly with EMCO) - EPC/LIME Thematic review on barriers to investment in the service sector - EPC-EA/EWG Thematic Review on investment: follow-up (common principles) 	<p>Q1 2017</p> <p>Q1 2017</p> <p>Q1 2017</p> <p>Q1 2017</p> <p>Q2 2017</p> <p>Q1/Q2 2017</p> <p>Q2 2017</p> <p>Q2 2017</p>

	<ul style="list-style-type: none"> - EPC-EA/EWG Thematic Review on investment in human capital - EPC-EA/EWG (tbc) Thematic Review on public procurement (with GROW) - Analytical work on investment in infrastructure 	<p>Q3/Q4 2017</p> <p>Q3 2017</p>
Benchmarking	<ul style="list-style-type: none"> - Internal ECFIN notes, notes to EPC working groups (LIME), to EWG. - Number of policy areas piloted - Business regulation and administrative burden (GROW/ ECFIN) - Services (tbc) (GROW/ ECFIN) - Public procurement (tbc) (GROW/ ECFIN/ REGIO) 	Q2/Q3 2017
Analysis of macroeconomic shocks & policies	Reporting in ECFIN notes	2017
Assessment of EU policies:	- DG ECFIN directorate B Economic Service Function	
Single Market	<ul style="list-style-type: none"> - Measures for better enforcement of single market rules within a wider enforcement package - Single Market Information Tool (SMIT) - Empowering national competition authorities to be more effective enforcers - REFIT revision of the legislation on goods - Follow-up of major tax initiatives (e.g. CCCTB, VAT) 	<p>Q1/2017</p> <p>Q1/2017</p> <p>Q2/2017</p> <p>Q2/2017</p>
Taxation		
Networks	<ul style="list-style-type: none"> - Assess market functioning from a cross-network perspective; assess the consequences of increasing synergies between networks 	
European Pillar of Social Rights		
Databases	<ul style="list-style-type: none"> - SPI: Update of database; contribution to IDR platform - AMECO: Update and maintenance 	Throughout 2017

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 1: Promoting growth and employment-enhancing policies in the euro area and the EU

Activity 2: Management of tools and processes to support the implementation of

growth and employment enhancing policies

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
CSRs including opinions on the SCPs for all non-programme EU MS *	Publication of the CSRs for all non-programme EU MS and accompanying technical assessments of SCPs	Q2 2017
Evaluation of ECFIN's forecasting services	Completion of the evaluation; Production of final report	Q3 2017
Assessment of the cyclical position of the EU economy	Output Gaps Internal ECFIN notes, notes EPC working group, OGWG, contributions to forecasts and to quarterly euro area review, publications.	2017
Set up of the network of the National Productivity Boards (NPBs)	- Surveillance of the implementation of the Council recommendation - Support as possible the network of existing NPBs	Q1-Q4 2017
Economic aspects of possible comprehensive settlement of the Cyprus issue (reunification)	Analytical notes analysing various relevant economic aspects	2017
Contribute to the Article 50 negotiations with the UK	Input provided to the Article 50 Task Force	2017

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 2: Promoting macro-economic and fiscal stability in the euro area and EU

Activity 3: Undertaking fiscal surveillance of Member States' economies

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
Implications of the Commission economic forecast for fiscal surveillance	Notes to the EFC	Q1 – Q2 – Q4 2017
Follow-up on the 2017 DBPs	Note to the EWG	Q1 2017
Assessment of the 2017 SCPs	SWDs	Q2 2017 – in parallel with the adoption of CSRs proposals by the Commission
Horizontal assessment of the SCPs	Note to the EFC/Council	Q2 2017
Overall assessment of the 2018 DBPs in the euro area	Adoption of a Commission Communication	Q4 2017
Opinions on the 2018 DBPs for non-programme euro area MS PLAN/2016/472	Adoption of a Commission Opinion for each non-programme euro area MS and accompanying SWDs	Q4 2017

Legal acts (and accompanying SWDs) under the EDP or the Significant deviation procedure (SDP)	Adoption of Legal documents (and accompanying SWDs) either under the preventive or the corrective arm	Q1 - Q2 - Q4 2017
Debt Sustainability Monitor	Publication, European Economy	Q1 2017
Formal assessment on the transposition of the Council Directive 2011/85/EU on requirements for budgetary frameworks	Internal assessments completed for all 28 MS. Proposals to open infringement proceedings where necessary.	Q2 2017
Relevant general objective 1: A new boost for jobs, growth and investment		
Specific objective 2: Promoting macro-economic and fiscal stability in the euro area and EU		
Activity 4: Contributing to the prevention/correction of macroeconomic imbalances		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Specific monitoring reports	Production of specific monitoring reports for all MS identified with imbalances	2017
CSR monitoring for all MS	Assessment of CSRs: - Annex of each Country Report - Communication accompanying the CSRs	Q1 2017 Q2 2017
IDR of MS	Completion of IDRs	Q1 2017
AMR	Adoption of the AMR 2018	Q4 2017
Assessment of macroeconomic imbalances	- Internal ECFIN analytical notes, the Monitor of Imbalances - Methodological notes to the EPC & EPC working groups (LIME), - Contributions to Forecasts & Country Reports, especially on assessment of external imbalances, stock imbalances, housing markets	Q1 – Q4 2017
Relevant general objective 1: A new boost for jobs, growth and investment		
Specific objective 3: Promoting investment in the EU		
Activity 5: Mobilising the Investment Plan effectively towards increasing private sector participation		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Additional investment mobilised by EFSI 1.0	Mobilise an additional € 100 billion of investment under the Infrastructure and Innovation Window (IIW) and reaching the overall EFSI 1 target of € 82.5 billion under the SMEW	31 December 2017
EFSI SMEW: Finalise negotiations with the	Completion of negotiations and signature of amendments to the InnovFin SMEG,	Q1 2017

EIF	COSME and EaSI Delegation agreements as well as the EFSI Agreement for the top-up of the EU programmes as well as for the Securitisation instrument	
Finalise the selection process for the Pan-European VC Fund of Funds programme	Following receipt of applications under the call for expression of interest with deadline on 31 January 2017, assess - together with the relevant Commission services - all applications for policy fit and give guidance to EIF to allow for signature with one or more selected financial intermediaries	Q3 2017
EFSI 2.0 SMEW allocation	Broker an agreement between the Commission services and the EIB Group on budgetary allocations to debt and equity products under the EFSI SMEW for EFSI 2.0, once adopted	31 December 2017
EFSI 2.0	Approval by EP and Council of the Legislative proposal	Q2 2017
Update EFSI Agreement	Signature of updated EFSI Agreement to include EFSI 2.0	Q4 2017
EIAH	Additional number of requests received (200) and detailed advisory support provided (50)	31 December 2017
EIPP	Additional number of projects published (150)	31 December 2017
Sound and efficient management of EFSI Guarantee Fund assets	Performance relative to benchmark	Performance in line with benchmark

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 3: Promoting investment in the EU

Activity 6: Enhancing the efficient use of EU resources via financial instruments with a special focus on SMEs and infrastructure

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
EIF governance and shareholding	- Board preparation work, timely and effective preparation of the regular briefings for the Commission representatives in the governing bodies	10 boards/year
	- Finalisation of the 2014-2017 EIF capital increase.	H1 2017
Act as Commission Competence Centre for Financial Instruments	Coordination of overall Commission approach to design and negotiation of financial instruments	Ongoing task throughout 2017
Monitoring of the implementation of	Conduct of the yearly monitoring plan	Four visits for VC instruments and four

legacy programmes		visits for guarantee instruments
Awareness on financial instruments implementation and impact	<ul style="list-style-type: none"> - Drafting and coordination of the reports covering 36 different current financial instruments - External study on market failure (definition, coordination, results analysis) - Seminars to be delivered 	Timely delivery and adoption of the various reports as required by the Financial Regulation External study: final report before summer 2017

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 3: Promoting investment in the EU

Activity 7: Ensuring sound and efficient management and follow-up of financial operations

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
Euratom loan facility: Disbursement (in tranches) of the € 300 million Loan Facility Agreement with Energoatom/Ukraine for safety upgrades	Number of disbursement tranches	Two tranches of € 50 million each in 2017
Sound and efficient management of ECSC, BUFI and PGE portfolios assets	Performance relative to benchmark	Performance in line with benchmark

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 4: Promoting prosperity beyond the EU

Activity 8: Promoting EU interest, cooperation in the external field and coordinating EU positions in the G7, G20, IMF, EIB/EIF, EIB External Lending Mandate (ELM) and governing bodies of the EBRD and other IFIs

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
Coordination of written EU negotiation positions for G20 finance track meetings	EU G20 ToR (to be agreed in EFC)	2017
Strengthen the role of the EU in international fora	Policy oriented contributions for discussions either directly (through e.g. presentations at the G20) or indirectly (through e.g. the EURIMF at the IMF)	Throughout 2017
Improve composition and quality of public finances (QPF)	Policy oriented contributions for discussions through e.g. presentations at the G20; active reach out to bilateral contacts; one of the principles envisaged under the German G20 Presidency	2017

	devoted to QPF	
IMF work on cooperation between IMF and RFAs	Preparation of analytical and policy notes for discussion and common positions to be agreed by the EFC and its sub-committee (as applicable).	H1 2017
Promoting EU interests in the governing bodies of the EIB and EBRD	Number of board briefings prepared and EIB Art.19 consultations completed	100% of board briefings completed on time; maintain average completion time of Art.19 procedure despite increased complexity (higher number of operations, increased scrutiny, e.g. on anti-tax avoidance)
EIB Resilience initiative – under ELM the EIB supports new horizontal high-level objective addressing root causes of migration	Number and amount of EIB operations proposed under the EIB Resilience initiative	Adoption of new ELM Decision and of Guarantee Fund for External actions Regulation; EIB financing operations proposed to the EIB Board
EIP - support, investments and increased access to financing, primarily in Africa and the European neighbourhood	Supply of financing capacity in the form of grants, guarantees and other financial instruments to eligible counterparts	Adoption of EIP Regulation; Strategic and Operational Boards established and first investment windows proposed

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 4: Promoting prosperity beyond the EU

Related to spending programme MFA

Activity 9: Supporting macro-financial stability and promoting growth-enhancing reforms outside the EU, including regular economic dialogues with key partners and by providing MFA

Main outputs in 2017:

Important items from work programmes/financing decisions/operational programmes

Output	Indicator	Target
Implementation of MFA operations in neighbourhood countries	Adoption of a Decision on the MoU, Release & Borrowing Decisions by the Commission (for Ukraine, Tunisia, Jordan and Moldova)	Depending on the country and the progress with conditionalities
Possible Proposals for legislative decisions on MFA to candidate/ potential candidate and neighbourhood countries	Adoption of the Proposals by the Commission, depending on developments	Throughout 2017
MFA grant commitments & payments to third countries	Disbursement of the grant (for Georgia and Moldova)	Depending on the country and the progress with conditionalities

Other important outputs

Output	Indicator	Target
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Regular macroeconomic dialogues with key partners, underpinned by enhanced economic analysis	<ul style="list-style-type: none"> - Contribution to the High-Level economic dialogue with China - Annual macroeconomic dialogues with key partners including neighbourhood countries and G20 partner countries (China, Japan, India, Korea, Canada, Brazil, Mexico, Argentina, Australia, South Africa and the Gulf Cooperation Council) 	Throughout 2017
Operational assessments, Public Expenditure & Financial Accountability (PEFA) studies & ex-post evaluations PLAN/2016/200 PLAN/2016/202	Launch (for Kyrgyz Republic) and complete (for Ukraine I and II, and Jordan I) evaluations	Two ex-post evaluations on MFA Ukraine I & II & MFA Jordan to be completed in Q3 2017 One ex post evaluation on MFA Kyrgyz Republic to be launched in Q2 2017
MFA loan commitments and payments to third countries	Disbursement of loans	€ 1.2 billion to Ukraine; € 300 million to Tunisia; € 200 million to Jordan (each disbursed in 2 instalments)

Relevant general objective 1: A new boost for jobs, growth and investment

Specific objective 4: Promoting prosperity beyond the EU

Activity 10: Supporting the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessments and advice

Main outputs in 2017:

Other important outputs

Output	Indicator	Target
Assessment of enlargement countries' medium-term ERPs	<ul style="list-style-type: none"> - Producing the Commission staff assessment of the ERP for each enlargement country (i.e. candidate countries and potential candidates) - Preparing the Economic and Financial Dialogue of the EU with the Western Balkans and Turkey which adopts joint conclusions with country-specific policy guidance 	Q2 2017
Assessment of enlargement countries' state of compliance with the economic accession criteria	Economic chapter of the country reports under the enlargement package (1 st draft)	Q4 2017
Regular monitoring and assessment of major macroeconomic & macrofinancial developments in enlargement and neighbourhood	Notes and/or Economic Briefs	Throughout 2017

countries		
Regular monitoring and assessment of major macroeconomic & macrofinancial developments in other third countries	<ul style="list-style-type: none"> – Notes and/or Economic Briefs, notably on US economic developments and policies, economic re-balancing in China, macroeconomic and financial stability challenges in Emerging Market Economies and Global Trade – Assessment of G20 Growth Strategies 	Throughout 2017

Relevant general objective 5: A deeper and fairer EMU

Specific objective 5: Improving the efficient functioning of the EMU

Activity 11: Completing EMU by implementing the proposals in the Five Presidents' Report

Main outputs in 2017:

All new initiatives and REFIT initiatives from the Commission Work Programme

Output	Indicator	Target
White Paper on the future of Europe *	Publication of the White Paper	Q1 2017

Other important outputs

Output	Indicator	Target
Future of rules – based fiscal framework (review of SGP, article of TSCG)	Scope of work subject to political guidance	Timeline of work subject to political guidance
Update of the 2007 agreement on coordination in the IMF	Adoption of the update by EFC	2017
Work on risk reduction in the banking union and the adoption of the proposal on the EDIS *	Adoption of the Proposal	2017
Discussions on a common backstop for the SRB *	Proposal by the Task Force on Coordinated Action (TFCA) to MS	2017
Initiative to devise a coordinated approach to address structural weaknesses in the banking sector *	Comprehensive strategy proposal to relevant MS/Institutions	2017
Set out a European approach to dealing with financial vulnerabilities, including using existing flexibilities within the BRRD as regards the application of state aid and bail-in rules given the threats to financial stability *	Comprehensive strategy proposal to relevant MS/Institutions	2017
Work on EMU deepening and the	Seminar on convergence standards	Q1 2017

functioning of the euro area		
Relevant general objective 5: A deeper and fairer EMU		
Specific objective 5: Improving the efficient functioning of the EMU		
Activity 12: Ensuring euro area reforms proceed within the framework of the European Semester		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
EARs	Adoption by the Commission of draft Council Recommendations for the euro area	Q3 2017
Work towards delivering an appropriate policy mix for 2017, i.e. a positive fiscal stance *	Internal ECFIN notes and contribution to external publications, e.g. Forecasts, QREA. Deepen the analysis of economic policies in order to have a better understanding of the appropriate macroeconomic policy mix which is most conducive to sustained job creation.	2017
Relevant general objective 5: A deeper and fairer EMU		
Specific objective 5: Improving the efficient functioning of the EMU		
Activity 13: Providing financial assistance to Member States		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Economic adjustment process in Greece	Memorandum of Understanding and Compliance Reports	Ongoing
Post programme surveillance (PPS) relating to the economic adjustment programme for Cyprus	Report on PPS missions	2017
Post programme surveillance (PPS) relating to the financial assistance programme for the recapitalisation of financial institutions in Spain	Report on PPS missions	2017
Post programme surveillance (PPS) relating to the economic adjustment programme for Ireland	Report on PPS missions	2017
Post programme surveillance (PPS) relating to the economic adjustment programme for Portugal	Report on PPS missions	2017
Maturity lengthening	The EFSM loan due in April 2018 (€ 3.4	Agreement reached with

of existing EFSM loans to Ireland	billion) will be lengthened (if so requested by Ireland). Preparations will start end of 2017 and transactions will be carried out in early 2018.	Ireland on number of transactions and maturities. Preparatory liaison with banks.
Assessment of the economic adjustment programme for Cyprus	Completion of the ex-post evaluation of the Cyprus economic adjustment programme	2017
Relevant general objective 5: A deeper and fairer EMU		
Specific objective 5: Improving the efficient functioning of the EMU		
Activity 14: Strengthening the platform for future enlargement of the euro area		
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Follow-up to the 2016 Convergence Report and preparation for the 2018 Report	Preparation of the timing, organization and content of the Convergence Report, including coordination with the ECB	Late 2017
Relevant general objective 5: A deeper and fairer EMU		
Specific objective 5: Improving the efficient functioning of the EMU		Related to spending programme PERICLES
Activity 15: Protecting the euro against counterfeiting and managing the euro cash policy and legislation		
Main outputs in 2017:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Develop policy strategy and legislation with respect to the protection of the euro against counterfeiting – Pericles 2020 programme	Annual Report to the EFC on the implementation of the Regulation (EU) No 1210/2010 ⁸ concerning the authentication of euro coins and of coins unfit for circulation	H1 2017
Provide technical support for partners to protect the euro effectively via the European Technical Scientific Centre (ETSC)	- 3 Euro Counterfeiting Experts Group (ECEG) , 2 Counterfeit Coin Experts Group (CCEG) and 2 ETSC work team meetings addressing upcoming threats, forming the anti-counterfeiting strategy, exchanging best practices and addressing linkages of counterfeiting with other illegal activities (e.g. money laundering, terrorist financing etc.) - Degree of classification of euro counterfeit coins and communication to	Rolling programme 100% of coins to be classified and

⁸ OJ L339, 22.12.2010, p.1.

	the Coin National Analysis Centres (CNACs)	communicated to the CNACs by the end of the year
-Protection of the euro against counterfeiting through the Pericles programme, established by Regulation (EU) No 331/2014 establishing an exchange, assistance and training programme for the protection of the euro against counterfeiting (the Pericles 2020 programme ⁹)	<ul style="list-style-type: none"> - Counterfeit notes and coins detected - Illegal workshops dismantled - Individuals arrested/charged - Annual Report to the European Parliament and to the Council on the implementation of the Pericles programme in 2016 -Adoption of the Financing Decision and of the Annual Work Programme for 2018 of the Pericles 2020 programme 	<p>12 actions</p> <p>H12017</p> <p>H2 2017</p>
Commission Communication on coin issues including cash efficiency	Issuing Commission Communication	Q4 2017
Management of the Monetary Agreements with Andorra, Monaco, San Marino and the Vatican	<p>Update of annexes to the agreements.</p> <p>In cooperation with other Commission services responsible for the policy area concerned, (coordination of the) screening of the implementation measures taken by the four third countries</p>	Q4 2017
Impact assessment on EU cash payment limitations	Impact assessment + legislative proposal published	Q3 2018
Other important outputs		
Output	Indicator	Target
Medium Term Evaluation of the Pericles 2020 programme PLAN/2016/025	Completion of the evaluation	Q4 2017

⁹ OJ L103, 5.4.2014, p.1