



# Strategic Plan 2020-2024

DG BUDGET

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## INTRODUCTION

The framework for DG BUDGET's strategic plan 2020-2024 is the political agenda of President von der Leyen, as set out in her political guidelines and further developed in the mission letters sent to all Members of the Commission. This document translates these priorities into concrete and operational strategies that will shape DG BUDGET's work for the duration of the mandate of this Commission. The strategy is structured around three general objectives<sup>1</sup> (amongst the headline ambitions of the von der Leyen Commission) and seven specific objectives reflecting DG BUDGET's specific contribution to these three general objectives.

In her political guidelines and mission letters, President von der Leyen placed strong emphasis on modernising the way the Commission works, for example through further digitalisation, increasing collaborative working methods and a greater focus on the sustainability of our activities. DG BUDGET's strategic plan has taken this on board embedding these aspects in our activities.

Part 1 of this Strategic Plan "Delivering on the Commission's priorities" describes our main policy ambitions for the next five years. It also describes how the most significant external and internal communication actions will contribute to the achievement of our specific objectives. Part 2 "Modernising the administration" focusses on how we intend to deliver on our specific objectives. In particular it describes the various steps that will be taken to modernise the way we work covering gender equality, digitalisation, collaborative working, sustainability and how we intend to make the most efficient and effective use of the resources at our disposal. Finally, in annex to the body of the Strategic Plan, a set of impact indicators (relating to the three general objectives) and result indicators (relating to the specific objectives) have been developed to measure DG BUDGET's performance over time.

**Over the next five years, DG BUDGET's role will be to act as the EU's financial operational arm** vis-à-vis the rest of the Commission's services and also external stakeholders, in particular the Member States. In this role, DG BUDGET will lead, as a center of excellence and expertise, in areas such as budget planning (including revenue) and implementation, forecasting and financial reporting, accounting and treasury, the management of assets and budget guarantees, financial regulation definition and enforcement as well as internal control. On the revenue side DG BUDGET will ensure the effective collection of "own resources" and support the the reinforcement of customs controls to combat fraud. By being proactive and policy driven, DG BUDGET will enhance cooperation and coordination with other Commission services and the Member States.

In parallel to all of the above, DG BUDGET will endeavour to ensure that the EU budget generates the highest added value possible, that it is duly protected from fraud and other important risks such as those related to a lack of compliance with the Rule of Law and conflict of interests rules, that there is an effective recovery of any unduly paid amounts and finally, that the European Commission is granted a discharge on the management of the EU budget by the Budgetary Authority.

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<sup>1</sup> General objective 3: An economy that works for people; General Objective 5: Promoting European way of life and General Objective 7: A modern, high performing, sustainable Commission

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

### **A. Mission statement**

DG Budget (hereafter DG BUDG) is the central service of the European Commission in charge of the management of the EU budget throughout the annual and multiannual cycle; from the preparation of the Multiannual Financial Framework and of the annual draft budgets to implementation and the final discharge by the European Parliament. DG BUDG is also responsible for the legal framework applicable to the implementation of the EU budget by the EU institutions, agencies, other bodies and Member States. In this respect, DG BUDG plays a key role in promoting sound financial management and in sharing intelligence and coordinating enforcement activities.

The need to maximise the European added-value of the EU budget remains at the centre of DG BUDG's concerns. To this end, DG BUDG's role is to enhance accountability on the sound management of EU money towards our stakeholders, in particular the European Parliament and the Court of Auditors, as well as improving transparency about the performance of the EU budget towards EU citizens. DG BUDG will aim to ensure that the EU budget is used efficiently and will measure the performance of sectoral policies in line with the indicators developed for performance budgeting.

As the domain leader for financial management and the internal control framework, DG BUDG's aim is to propose and implement the simplification and modernisation of processes and procedures where possible. More precisely, DG BUDG is tasked with coordinating work on addressing new challenges as they arise, including by providing guidance on the simplification of internal processes and by providing strong coordination to push forward the modernisation of financial management across the Commission. One of these challenges will be the promotion of the efficient and timely implementation of the new programmes to be adopted under the next Multi-Annual Financial Framework.

Despite the inherent technicality of the EU Budget, the portfolio which DG BUDG manages is deeply political since it is a key enabler of many of the EU policies decided upon and budgetary choices made.

The main tasks under DG BUDG's mission can be summed up as follows :

- Driving the process of strategic budgetary planning, leading an effective financial programming within the Multiannual Financial Framework and ensuring the smooth operation of budgetary procedures through a constructive dialogue with the two arms of the Budgetary Authority. Within the Multiannual financial framework, DG BUDG ensures that the budgetary dimension is considered in all policy initiatives and/or legislative actions. This includes the swift response in case of unforeseen crises or emerging priorities, by proposing to reprioritize or the mobilize additional funds, inter alia via special and flexibility instruments, in order to ensure funds are available where they are needed most.
- Driving the annual budgetary process with a view to ensuring that the budgetary authority provides the resources needed to implement the European Union's policies. DG BUDG prepares the budgetary proposals presented by the Commission and follows them through until adoption by the budgetary authority, the European Parliament and

the Council of Ministers. It also prepares Commission decisions on the allocation of resources to the Commission Directorates General and Services.

- Managing the Union's own resources and coordinating the related regulation, notably for the three main categories: traditional own resources (TOR, i.e. custom duties and sugar levies), VAT and GNI resources. The DG manages financial flows with Member States and checks that own resources are properly collected.
- Drawing up the annual accounts of the EU and the Commission (as well as certain other institutions/bodies). The EU annual financial statements are prepared by DG BUDG based on a modern accounting framework following generally accepted international standards (IPSAS), as well as reliable and relevant financial reporting to all stakeholders.
- Providing support to Commission services and other bodies in the implementation of the EU budget in compliance with the regulatory framework. Under the responsibility of the Commission's Accounting Officer, DG BUDG manages the central treasury and ensures the execution of payments for all authorized Commission expenditure and of recovery orders backed up by an efficient and reliable corporate IT system for financial management and accounting (ABAC).
- Promoting sound financial management. As domain sponsor of financial management inside the Commission, the Central Financial Service within DG BUDG provides formal guidance, advice and training to Commission services and other institutions on strict and efficient financial management. It is in charge of the budgetary regulatory framework for the establishment, the implementation and the control of the budget, in particular the Financial Regulation. DG BUDG also promotes sound financial management by assisting Member States and candidate countries to improve their public internal control systems and ensure compliance with the principle of sound financial management.
- DG BUDG acts as a performance competence centre both within the DG and, more broadly, across the whole Commission, so as to pool and disseminate knowledge as well as provide a framework and related methods.
- Reporting on the implementation of the budget, cooperating with the European Court of Auditors (ECA), the European Parliament and the Council, and coordinating the action of the Commission in the context of the discharge of implementation of the budget. Furthermore, DG BUDG supports an appropriate follow up to the recommendations of the ECA, as well as the discharge recommendations from the European Parliament and the Council, with a view to improving the management and control of community funds, both at the EU and at national level.

## B. Operating context

DG BUDG is the central service of the European Commission in charge of the management of the EU budget throughout the annual and multiannual cycle; from the preparation of the draft budget and Multiannual Financial Framework (MFF) to overseeing its implementation, and the final discharge by the European Parliament. DG BUDG is also responsible for ensuring the correct implementation of the legal framework applicable to the execution of the EU budget by the different institutions, agencies and Member States.

In addition, DG BUDG plays a key (corporate) role in promoting sound financial management within the DG and more broadly, through promoting a strong internal control system and a performance culture that focuses on excellence and on maximizing the European added-value of public expenditure on the ground.

The Treaty (Article 17(1) TEU) provides that the Commission shall execute the budget and manage programmes. More specifically Articles 310 to 325 included in Title II of the TFEU detail the Financial Provisions for the European Union and determine DG BUDG's mission and responsibilities.

DG BUDG has around 747<sup>2</sup> staff members structured around six Directorates based in Brussels and Luxembourg which deliver results in seven operational axes: (i) Design, negotiate and manage EU budget expenditure and revenue; (ii) Develop policy-relevant knowledge, performance and financial intelligence; (iii) Enhance agility of the budget; (iv) Ensure that the amounts allocated from the EU budget are invested for the intended purpose paving the way to the discharge; (v) Strengthen the protection of the EU budget accounting; (vi) Promote a strong enforcement culture to protect the EU budget and (vii) Act as a center of excellence and trustful partner for Commission services, other institutions, Member States and beneficiaries regarding financial governance, accounting, treasury, financial corporate IT systems, financial risks and management of debt, assets as well as contingent liabilities.

One of DG BUDG's two Deputy Directors General is the Commission's Accounting Officer, responsible for the management of the central treasury and the preparation of the accounts of the Commission and those of a number of other EU bodies. The Accounting Officer is also responsible for the preparation of the consolidated accounts of the EU, financial reporting and the recovery of funds including fines.

In order to fulfil this duty, DG BUDG controls the accounting data produced by the different DGs or bodies. The accounts are prepared via the Commission's corporate financial/accounting system. DG BUDG is the system owner and provides support services to all of the Commission's DGs/Services as well as to the European External Action Service and 50 other external entities, resulting in a user community of over 14 000 users around the world.

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<sup>2</sup> Figures as of all BUDG staff ( including externals) as of 01/03/2020

## C. Strategy

Over the next five years, a number of political and economic developments are expected to influence the environment in which the EU budget will be implemented and the post-2027 long-term budget designed. Technological and demographic change is transforming our economies and society. Climate change and scarce resources are forcing us to look hard at how we can ensure that our way of living is sustainable. Unemployment, notably amongst young people, remains high in many parts of Europe. New security threats require new responses. Continued discrepancy between the new common priorities (e.g. European Green Deal, digital transformation, geopolitical Commission) and the willingness of Member States to fund them will only gradually be attenuated by the introduction of the new own resources. The EU budget will have to “deliver more with less”. The European Parliament remains politically fragmented, with the need to build large coalitions across different political families. The possibility of an economic downturn cannot be excluded. Brexit – both the negotiations of the new partnership with the EU and the implementation of the Withdrawal agreement – will continue to require resources. Finally, the outcomes of the Conference on the Future of Europe might influence the 2021-2027 and the post-2027 long-term budget.

Consequently, we can expect an increased focus on three strands: (i) spending on priorities and smarter financing of EU policies; (ii) better spending and performance under heightened scrutiny both from the budgetary authority and the civil society as to how EU budget performs in delivering the political priorities of the von der Leyen Commission (“VDL Commission”); and (iii) protection of the EU budget, as well as heightened scrutiny both from the budgetary authority and civil society as to how the EU budget performs in delivering the political priorities of the VDL Commission. Sound financial management, anti-fraud and the general protection of Union’s financial interests will remain the integral foundation of the EU budget’s credibility, , including effective recovery of any unduly paid amounts. Financial data management, analytics and modelling will become crucial for the design of evidence-based policies and informed decision-making. Both elements will play a role in preparing the ground for the post-2027 MFF. Looking further ahead, the EU’s objective with regard to the budget of “doing more with less” will require an increased use of financial instruments compared to grants, and more active use of so-called “headroom”. These challenges require careful preparation within the Commission in collaboration with DG Budget and need to be accompanied by the appropriate communication actions.

As domain leader in financial management and center of excellence and reference for guidance and knowledge for other Commission services and the Member States, DG BUDG will continue to focus on improving the sound financial management of the EU Budget but also on promoting a strong performance culture, ensuring that resources are used wisely to achieve positive results and best value for money, including by setting up a Partnership with Member States in a new “Better Spending Network” to discuss issues related to the implementation of public budgets. Moreover, DG BUDG will continue to work towards improving transparency and accountability with regard to the implementation of the EU Budget through regular and targetted communication to explain to citizens and stakeholders what we do with public money, how we protect it from fraud and inappropriate use and how we deliver.

DG BUDG will also continue to act as a center of excellence and trustful partner for Commission services, other institutions, Member States and beneficiaries regarding the provision of important horizontal services such as budgetary planning, treasury, management of assets and financial risks, internal control, provision of financial rules and guidance and as well as the setting up and implementation of a performance framework

As guardian of the internal control framework DG BUDG will continue to raise awareness about the internal control framework in order to foster and maintain a strong internal control culture within the Commission and its implementing partners, including Member States.

Through its different roles and activities as described above, DG BUDG contributes in some cases directly and in others indirectly to all Commission priorities. DG BUDG's direct contribution is linked to the following three Commission General Objectives: An economy that works for people (number 3), Promoting our European way of life (number 5) and a modern, high performing, sustainable Commission (number 7).

### **General Objective 3: AN ECONOMY THAT WORKS FOR PEOPLE**

An EU budget that responds to the EU's political priorities and needs, contributes to social fairness and prosperity through redesigning the way industry and the economy work, enabling an attractive investment environment in Europe and creating growth and quality jobs. By responding to emergencies and adapting to changing priorities and by using performance intelligence in the budgetary procedure, the EU budget invests where the citizens needs are greatest. By promoting sound financial management across the Commission and in the Member States, DG BUDG makes sure that every euro from the EU budget is used in the most efficient and effective way possible to reach this goal.

DG BUDG's contribution is structured around **two specific objectives:**

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

DG BUDG is in the lead of the design and negotiation of the **Multiannual Financial Framework (MFF)** which is the financial arm of EU policy action and therefore critical to the delivery of the Commission political priorities. Strategic budgetary planning necessitates, in the first place, the conclusion of the negotiations of the MFF for the period 2021-2027 followed by its full implementation. This needs to be underpinned by sound short, mid and long-term financial forecasts. Economic and policy analysis will be stepped up with a focus on the performance of the EU budgetary expenditure, i.e. determining if EU expenditure is achieving the desired objectives. This analysis will be part of the mid-term review of the MFF 2021-2027 and feed into the early preparations of the post-2027 MFF proposal. Closer links with specialised stakeholders will be crucial to achieve these objectives.



**The revenue side of the EU budget** also plays a key role in supporting the political priorities of the European Union: our common European ambitions need to be matched with the resources available in order to achieve them. In harnessing the full potential of expenditure and revenue policy, DG BUDG contributes to deliver directly or indirectly all general objectives of the European Commission – and it can do so even more, by designing and pursuing new options for own resources in line with the EU’s political priorities, e.g. addressing the twin climate and digital transitions as well as strengthening its position in the world; and in line with our international commitments.

DG BUDG’s core responsibility towards the **Annual Budgetary cycle** will remain in order to ensure the proper functioning of the annual budgetary procedure through : (i) facilitating agreement and the adoption of the draft budget; and (ii) following-up on budget implementation including any necessary amendments of the budget to incorporate new priorities.

Under this specific objective, DG BUDG will also aim at improving the budgetary governance of decentralised agencies and will reflect on more cost-effective geographical spreading.

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

DG BUDG will evolve towards more **policy and advisory work**. In order to ensure proper follow-up, control and to provide a central steer in the design and implementation of the EU budget, deeper insight into the implementation of programmes is needed. Areas where DG BUDG will deepen its role in future are therefore – inter alia – reporting on the implementation of the Green Deal, monitoring of the results delivered by the Just Transition Mechanism, the implementation of the Budgetary Instrument for Convergence and Competitiveness, Trust Funds and climate tracking.

In addition to DG BUDG’s core responsibilities, DG BUDG will continue to gradually expand its responsibilities into new areas such as :

- Efficient budgetary governance and budget implementation: developing more of a steering role to ensure an ‘all-Commission’ approach – as currently demonstrated by the role played in the negotiations on the future governance of Horizon Europe, NDICI and the Innovation Fund; steering to ensure sound budgetary management which avoids duplication and unnecessary complexity and silos; ensuring the cost-efficient implementation of programmes while preserving the Commission’s steering role (e.g. decision on implementation of next MFF programmes and the Innovation Fund, supported by a cost-benefit analysis).
- Performance: providing expertise and digging deeper into the value-added of the various programmes, with increased scrutiny and guidance in particular on shared management and resource allocation. The joint publication of the AMPR and the annual budget represents another step in this direction.

**Budgetary performance** in the sense of whether and to what extent the EU budgetary programmes achieve their objectives on the ground will become increasingly important over the course of the next MFF. Establishing a suitable performance framework is therefore crucial for the EU budget. Such a system consists of a number of elements:

- Collection and storage of relevant and robust information and data;
- Capacity to structure and interpret that information and to assess the performance of individual programmes on that basis;
- Processes to present and make use of that information in the annual and multi-annual budgeting cycles;
- An adequate suite of associated communication products, adapted to the level of the relevant audiences and their requirements and designed to increase the outreach of the communication.

Collection and storage of data is a core element of the strategy. While the various data assets have been identified, the delivery of collection processes and storage systems will have to be developed over the period of this strategic plan.

Capacity building will be crucial, in particular within DG BUDG. For the period of this strategic plan, tools and methodologies need to be developed in particular for the annual cycles with regard to the effectiveness of delivery on the ground and the progress towards achieving the policy objectives of individual programmes.

Beyond individual programmes, the Commission will have an opportunity to develop processes and methods to collect even more robust and reliable data on spending in relation to the EU's political priorities. Integrating those priorities into the assessment structures over the period of this strategic plan, will allow the Commission to actively monitor progress towards its high-level political ambitions such as the European Green Deal, the Sustainable Development Goals, etc.

From a multi-annual perspective, focus will be on both the EU added-value and the efficiency of EU interventions. That will also include the analysis of financial instruments as compared to grants, in the perspective of a shift from delivering programmes in the form of grants to financial instruments. Outcomes from the multi-annual perspective will inform the preparation of the post-2027 MFF.

Many of these topics are already on the agenda of the European Court of Auditors, whose increased focus on budgetary performance – also in the context of the pilot Annual Report on Performance – will provide opportunities to develop these topics and concepts proactively with the ECA. That will then serve as a basis for conversation with the European Parliament and the Council in which the Commission is seen as ambitious as opposed to defensive, with an active commitment to continuous improvement.

These developments will allow the Commission to review and further refine the landscape of existing reporting products. The aim is to improve the perceived legitimacy of the EU budget by enhancing accountability on sound management of EU money towards our

stakeholders, in particular the European Parliament and the Court of Auditors, as well as by improving transparency about the performance of the EU budget towards EU citizens.

Key elements of the communication strategy will:

- Reinforce the value of the Annual Management and Performance Report (AMPR) as an annual high-level communication tool;
- Provide a performance driven narrative throughout the transition between MFFs; and
- Collect relevant input which will feed back in the future design of the EU budget and of its programmes through the organisation of an annual conferences on performance in the next MFF.

In this context, the Commission will also review options to go beyond making its communication products available in electronic form, by enhancing online presence and providing increasing amounts of detailed performance information online.

In 2021, DG BUDG will prepare a Communication on Budgetary Performance to develop the points briefly outlined above, and to provide a political framework for future work.

Financial reporting will be subject to modernisation leading to better data visualisation, the facilitation of data-driven decision-making, the reinforcement of corporate financial reporting and better data quality and governance. This implies the use of modern analytic platforms, characterized by easy-to-use tools allowing visual exploration and insight generation.

Reporting products will evolve from static reports towards dynamic, intuitive and self-explanatory dashboards for each of the five financial management areas: execution, implementation, efficiency, risks and data quality. Financial “flash reports” will be expanded in the first place while a corporate financial scorecard with detailed indicators is under construction. For each of these indicators, a story-telling dashboard will be developed allowing increased intelligent analysis towards data driven decision-making.

This modernisation process will put DG BUDG in the lead as the centre of competence for financial reporting of the European Commission and its different agencies.

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

The EU budget’s room for manoeuvre to react to unforeseen circumstances is constrained by the size of the unallocated margins under the MFF ceilings and the special instruments defined in the MFF regulation. DG BUDG’s role is to ensure optimal use of these limited resources through careful forecasting, multi-annual planning and analysis of, and prioritisation among, competing emerging demands.

DG BUDG’s role is also to ensure high policy-impact and fiscally sound budgetary guarantees and getting the best return on assets owned by the EU budget. At the same time, a prudent approach in managing headroom must be applied, so that market confidence in the EU budget (which can be demonstrated through its credit rating) is

maintained. Only then, the possibility for the EU budget to react to unforeseen circumstances in an adequate manner will be remain intact.

To achieve this a “fail-safe” corporate risk management framework must be established to accompany the increased reliance on budgetary guarantees and guaranteed loans for financial assistance. The EU budget could underwrite close to 100bn€ in guarantees for investment and loans inside and outside the EU over the course of the next MFF. As demonstrated by the Investment Plan for Europe, budgetary guarantees can multiply the volume of investment supported by the EU budget compared to grants. However, they also give rise to liabilities for the EU budget that could potentially exceed the provisions that are held in reserve. This calls for a very rigorous and consistent approach when providing budgetary guarantees, the effective monitoring and management of contingent liabilities, and a conservative approach to the setting of the provisions and the management of the related assets.

DG BUDG, working with authorising officers for InvestEU and NDICI will implement a coherent approach to risk monitoring, reporting and the relations with implementing partners in order to limit the potential for negative surprises for the EU budget. This work will be organised through a cross-DG Steering Committee on Budgetary Guarantees, which will be established by a Commission Decision in the course of early 2020.

This framework for managing guarantees will also comprise a Common Provisioning Fund to hold the assets that are put set aside by the budget as a buffer against potentially materialising risks. These provisions will need to be prudently and professionally managed/invested in order to preserve their value over time.

In addition, the Commission will provide financial assistance financed by loans arranged by DG BUDG to support Member States and Neighbourhood Countries. This requires the capacity to issue new debt instruments and to engage with credit rating agencies in order to ensure the EU’s ability to provide financial assistance at favourable conditions.

By being at the crossroad of market conditions and public finance innovation, DG BUDG can also develop as a knowledge centre in public finance in support of Union policy objectives. It can develop this role through developing close relationships and networks with international and national public finance institutions.

Key components of the liability-driven asset management framework to be put in place include: i) extensive new reporting obligations to the Council and Parliament over the course of the next multiannual financial framework; ii) preparation of an annual assessment of the sustainability of contingent liabilities by the EU budget from mid-2022; iii) preparing the Common Provisioning Fund to go-live as of 2021; iv) ensuring the adequacy of the provisioning rates for InvestEU and EFSD+/NDICI as they become operational.

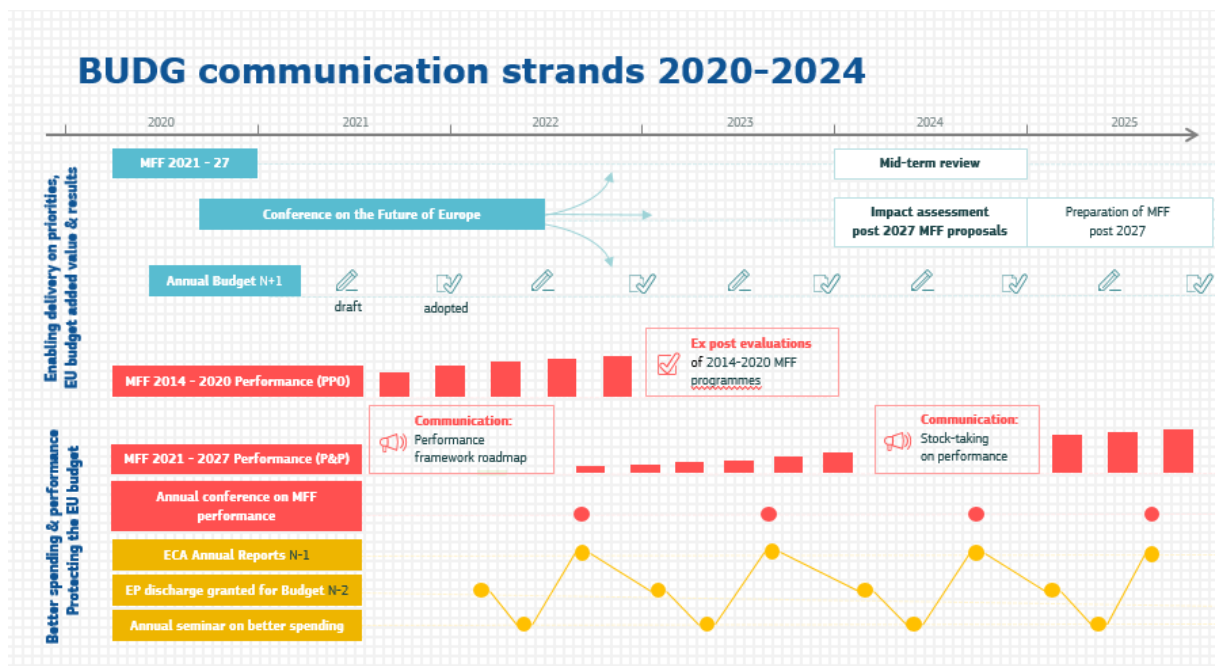
## **COMMUNICATION**

Communication activities supporting General Objective 2 will focus on three main subjects (i) enabling the delivery on priorities, (ii) access to EU funding (iii) EU added value and performance:

## Enabling delivery on priorities, EU added value & results

Target audiences	Objectives	Non-exhaustive list of actions
<p><b>In Brussels</b></p> <ul style="list-style-type: none"> <li>EP and individual MEPs</li> <li>Council of the EU, individual PERM REPS</li> <li>Other institutions (EESC, ECA, etc.)</li> <li>Think tanks, industry associations, business organizations</li> <li>Brussels press corps</li> <li>Social Media influencers</li> <li>EC staff</li> </ul> <p><b>In the Member States:</b></p> <ul style="list-style-type: none"> <li>Citizens</li> <li>National and regional administrations</li> <li>National and regional parliaments</li> <li>Non-governmental sector – NGOs</li> <li>Influencers: think tanks, industry associations, business organisations, online influencers</li> <li>Beneficiaries of EU funding (who could be vocal in their support)</li> <li>Media and Social Media on the ground</li> <li>EC REPS, European Direct Centres</li> </ul> <p><b>Beyond the EU:</b></p> <ul style="list-style-type: none"> <li>Third countries</li> <li>International Organisations (WB, UN, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Support the negotiations on EU's next long-term budget 2021-27</li> <li>Communicate on the impact of the EU budget on the daily life of the Europeans and thus reinforce a pro-EU feeling</li> <li>Inform about EU budget achievements including contribution to Commission priorities and response to the unforeseen events such as Coronavirus crises</li> <li>Contribute to neutral media coverage or pro-Commission media coverage;</li> <li>Generate positive talk about the added value of the EU budget both in Brussels and across the EU</li> <li>Generate positive Media coverage and buzz on Social Media</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to the corporate campaigns (EU budget achievements (results), access to EU funding (opportunities))</li> <li>Revamp of the EU budget web pages on Europa including access to EU funding</li> <li>Harmonisation of the MFF web presence</li> <li>Technical briefings to the media and REPS</li> <li>Presentations to groups and visitors including targeted audience in the MS</li> <li>Enhanced use of social media and influencers</li> <li>Outreach to journalists</li> <li>Storytelling - people who have benefitted from EU funding</li> <li>BUDG annual conference on MFF/ performance</li> <li>EU budget digests on specific subjects</li> <li>Publications (e.g. Access to EU funding, EU budget in my country, EU budget at the glance...)</li> </ul>

Putting a stronger focus on communicating what the EU budget can deliver for the EU Member States and their citizens implies having a powerful and compelling narrative showing how it delivers on political priorities, improves people's lives, provides funding opportunities for people and businesses, responds to the unforeseen situations, including comprehensive recovery strategy integrating health, economic and social policies in response to the COVID-19 crisis effects, and acts as a catalyser for coordinated EU action. The timeline below summarises the important annual and multiannual communication moments that will be used for targeted communication activities:



## General Objective 5: PROMOTING OUR EUROPEAN WAY OF LIFE

BUDG has an integral role to play in protecting EU values and strengthening trust and confidence in EU public spending (including through the discharge procedure). One example is the Rule of Law mechanism, which should be an integral part of the next MFF.

Along with the Financial Regulation, new rules on conflict of interests, fraud prevention and detection mechanisms provide the tools to ensure transparency and resolve any issues at an early stage. Databases like EDES and the FTS bring transparency to everyone in need of information and act as tools against corruption.

BUDG tools also protect the Single Market, e.g. by enforcing own resources controls in the customs field.

DG BUDG's contribution is structured around **three specific objectives**:

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

In the Communication 'The Synergies and Efficiencies Initiative: stocktaking and way forward' of March 2019, the Commission established DG Budget as the domain leader for financial management and the internal control framework with the aim to propose simplification and modernisation measures in this domain.

DG BUDG is tasked with designing financial rules aiming at achieving the EU Policies. More precisely, the Central Financial Services provides guidance and advice as well as coordinates work on addressing new challenges including by providing further support on simplification of internal processes, stronger coordination and modernisation of financial management across the Commission. While priority should be given to the actions promoting the efficient and timely implementation of the new programmes to be adopted for the next Multi-Annual Financial Framework, support and steer has to be given when addressing major political challenges like the withdrawal of the UK, the European Green Deal or Digital transformation by, inter alia, creating synergies and efficiencies among spending programmes or ensuring consistency and coherence in the relationships with all other partners implementing EU funds.

DG BUDG's work paves the way to the discharge process. The Commission attaches great importance to the annual discharge procedure by which it is held politically accountable for its implementation of the EU budget. The European Parliament decides to grant discharge for a financial year after examining the Commission's Integrated Financial and Accountability Reporting, the European Court of Auditors' reports, and a recommendation from the Council. It also invites selected Commissioners and Directors-General for hearings, and requests information as appropriate.

For the period 2020-2024, DG BUDG's objective is to pave the way to the Commission's annual discharge by ensuring the effective management of relations with all relevant stakeholders in the process, giving priority to:

- *A corporate steer of relations between the Commission and the European Court of Auditors:* DG BUDG will set the direction for, provide guidance on, and continuously monitor a series of actions at both strategic and operational level across all Commission departments to ensure the active and effective management of relations between the Commission and the European Court of Auditors, building trust and establishing a constructive dialogue. It will provide support for strategic discussions between ECA Members and Commissioners at key stages of audits and further strengthen cooperation between DG BUDG and the ECA's central services. Actions will be reviewed to take into account any new developments when the European Court of Auditors presents its strategy for 2021 onwards
- *Set out a strategic view on how the discharge will evolve over the next five years:* DG BUDG will closely interact with key stakeholders in the European Parliament and the Council to set strategic priorities for the duration of the Commission mandate and will guide actions across Commission departments to support the approach. DG BUDG will take steps to raise awareness of the Commission's Integrated Financial and Accountability Reporting and provide leadership on cross-cutting issues in the discharge procedure.
- *Deepen feedback from the proceedings with the European Court of Auditors and the discharge authority to the budgetary and legislative process:* With the aim of ensuring that lessons learned from the past lead to improvements in the future, DG BUDG will identify and lead efforts to address weaknesses in sound financial management. Specific findings and recommendations of the European Court of Auditors, concerns raised by the discharge authority and own analyses will feed into this process.

These combined efforts will contribute on a continuous basis to the general objective of a modern, high performing and sustainable European Commission.

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

DG BUDG will continue to focus on improving sound financial management, by ensuring the sustainability of the EU budget, by strengthening its support to the DGs and promoting oversight and coordination of internal control across the Commission, by pooling expertise and professionalising financial functions and by stepping up guidance and coordination activities towards Member States in terms of internal control, as well as on topics relevant to the implementation of the EU Budget such as conflict of interest rules, rule of law compliance and antifraud, including the set up of a Better Spending Network with Member States under a Partnership approach to have a structured and constant dialogue on these topics.

As regards the protection of the EU financial interests, it is worth underlining that fraud prevention is reinforced through the Early Detection and Exclusion System (EDES) which allows the early detection and exclusion of unreliable economic operators from EU funds,

as well as through the Commission's recently adopted anti-fraud strategy where DG BUDG plays a key role in close collaboration with OLAF.

In order to enhance better and more effective coordination with Member States, DG BUDG is developing an integrated knowledge base per Member State in areas which are relevant for the implementation of the EU budget. This is being done through the creation of a "country knowledge platform" and "country teams" across the DG. Currently, two pilots are on-going for France and Slovakia with the aim of : 1) monitoring the situation in the respective Member States as regards EU budget financial management issues (including but not limited to EU budget execution and rule of law related issues, conflict of interests, and follow-up of OLAF recommendations); and 2) contributing to enhancing country knowledge throughout the Commission under the JRC/SG-led initiative in this area.

### *5.3. Promote **strong enforcement culture to protect the EU budget**, including the revenue side.*

DG BUDG's objective is to continuously improve financial management, through the further **professionalisation of the domain and improving related tools**, taking better account of the recent evolution in the way the EU budget is managed i.e. large scale use of externalisation and of indirect management with implementing partners; an increased number of multi-DG programmes; use of new forms of intervention; and a stronger focus on results and on performance. This evolution calls for the simplification of internal processes and procedures through harmonisation and, as far as possible, standardised corporate models of legal instruments and modern corporate financial IT tools. A robust internal control framework is essential in each organisation to ensure that the structures and processes necessary for the achievements of its objectives are in place.

Effective implementation of revenue provisions requires enhanced planning, modern and efficient management and control framework for own resources. This calls for strengthened cooperation and coordination with Member States as well as a significantly strengthened enforcement culture. It translates into ensuring continued roll-out of risk-based inspection plans, as well as the conception, implementation and evaluation of the management and control framework for simplified and new own resources. This should facilitate securing the highest possible ratings in the credit agencies 'periodic rating reviews' of the EU.

As regards Traditional Own Resources (TOR), DGs BUDG, TAXUD and OLAF have been strengthening their cooperation to help Member States react more swiftly to new threats, e.g. by carrying out a joint analysis of customs data at EU level to identify unusual trade patterns and alert Member States accordingly. While these efforts will be intensified, DG BUDG will build upon this initiative, together with the other services involved, to balance the exclusive competency in the field of customs formally devolved to the EU according to the Treaties and the actual decision-making by the Commission in reality. This will further strengthen the protection of the financial interests of the EU budget.

DG BUDG will also contribute to addressing fiscal solidarity in the Single Market. EU action can reinforce the fight against tax evasion, avoidance and fraud: the own resources' dimension can provide additional incentives to minimise the negative impact on the EU's



and national budgets alike. VAT fraud is a prime example, where synergies and building joint capacities across services could provide beneficial.

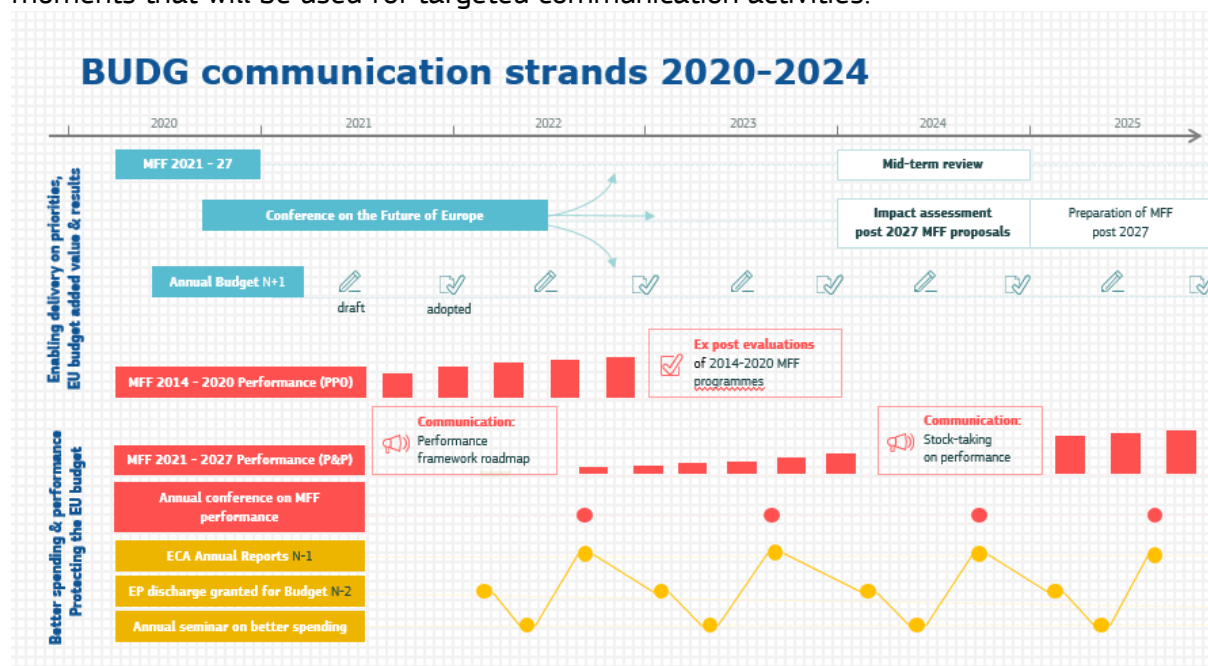
## COMMUNICATION

Better spending, sound financial management, anti-fraud and general protection of Union's financial interests will remain an integral part of the credibility of the EU budget. The increased scrutiny from the budgetary authorities and the civil society will require a proactive external communication that can be summarised as follows:

### Better spending & protecting the EU budget

Target audiences	Objectives	Non-exhaustive list of actions
<p><b>In Brussels</b></p> <ul style="list-style-type: none"> <li>Commission services, OLAF, EPPO</li> <li>EP and individual MEPs</li> <li>Council of the EU, individual PERM REPS</li> <li>Other institutions (EESC, ECA, etc.)</li> <li>Permanent Representations to the EU</li> <li>Brussels press corps and Media</li> </ul> <p><b>In the Member States:</b></p> <ul style="list-style-type: none"> <li>Citizens</li> <li>National and regional administrations</li> <li>National parliaments</li> <li>Non-governmental sector – NGOs</li> <li>Influencers: think tanks, industry associations, business organisations</li> <li>Beneficiaries of EU funding (who could be vocal in their support)</li> <li>Influencers on social media</li> </ul>	<ul style="list-style-type: none"> <li>Improve image of the Commission</li> <li>Improve the understanding of the public that the EU has zero tolerance for fraud and that the EC is doing all it can – together with partners – to make sure every Euro from EU budget is well-spent</li> <li>Improve understanding of how this is being achieved (e.g. simplification, enforcement activities, e-governance, fight against fraud / conflict of interest etc.)</li> <li>Communicate about protection of EU financial interest in the framework of Brexit negotiations on the implementation agreement</li> <li>Contribute to positive media coverage / neutralise and rebut negative media coverage</li> <li>Generate and contribute to the positive buzz on Social Media</li> <li>Generate positive talk about the management of the EU budget both in Brussels and across the EU</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced dialogue and flow of information with ECA and EU institutions</li> <li>Enhanced cooperation with the MS on better spending (e.g. High level group on Better spending)</li> <li>Cooperation with international organizations promoting EU financial management culture and for third party endorsement purposes (e.g. OECD, IPSASB, other specialized networks...)</li> <li>Publications such as IFAR package and communication around the events such as discharge process</li> <li>EU budget digests on specific subjects</li> <li>Mythbusting activities and active contribution to the EC Network against disinformation</li> <li>New FTS dashboard</li> </ul>

The timeline below summarise the important annual and multiannual communication moments that will be used for targeted communication activities:



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

As the financial domain leader DG BUDG supports other services in their tasks, thereby contributing to a high performing Commission.

DG BUDG expertise is concentrated on important areas such as accounting, treasury, internal control and asset and financial risk management. BUDG is also in the lead on modernising the current financial corporate system (ABAC); SUMMA, which will replace ABAC, will bring harmonization and standardization of business processes as well as efficiency improvements (e.g. through automation). It will further improve (smart) reporting expertise using artificial intelligence. SUMMA will also support simplified corporate models and procedures building on the progressive development of e-grants, e-procurement (submission) and SEDIA.

DG BUDG's contribution is structured through one specific objective:

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

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

### Financial governance

DG BUDG plays a key role in promoting not only sound financial management but also a strong performance culture, ensuring that resources are used wisely to achieve positive results and best value for money. DG Budget will continue to work towards improving transparency and accountability for the implementation of the EU budget through various communication initiatives. It is essential for the Commission to be able to explain to EU citizens and stakeholders what we do with public money, how we protect it from fraud and inappropriate use and how we deliver on our objectives.

DG BUDG will focus on the following key priority areas, building on existing initiatives:

1. Ensuring the sustainability of the EU budget: The management of the risk arising from budgetary guarantees, which may cover a broad range of financial products implemented by a variety of financial institutions in many different markets and jurisdictions, is a new task for the Commission that requires a specific technical

expertise that requires an efficient knowledge sharing among services and appropriate institution-wide oversight of contingent liabilities.

2. Providing effective oversight by upgrading financial governance in the following areas:
  - strengthening the consistent application of so-called pillar assessment rules when entrusting tasks to implementing partners in indirect management and conducting the prior assessment of the equivalence of their systems and procedure such as developing a common methodology;
  - providing for a better articulation between work on the management of the EU budget and wider Commission work on coordination of EU policies and recent initiatives to assist the authorising officers by delegation in preventing tax fraud and tax avoidance, non-cooperative jurisdictions, anti-money laundering and counter terrorism financing;
  - ensuring clear accountability and budgetary transparency in the externalisation of tasks by limiting the blurring of the lines between decentralised, executive agency models or PPPs;
  - developing the single audit approach (cross reliance on existing audits / non-duplication of audits and controls, common framework for externalising audit);
  - developing joint budget planning, implementation and audit/control in multi-DG programmes or within families of DGs with the corresponding coordinated exercise of Authorising Officer's prerogatives and the definition of common methodologies.
3. Harnessing the potential of post-2020 spending programmes in terms of pooling services and professionalising financial functions (i.a. career/learning paths, specialist/expert competitions).
4. Developing more efficient corporate workflows and modern IT systems for budgetary implementation for grants, procurement, financial instruments and budgetary guarantees. These will be anchored in simplified corporate models and procedures and in modern IT systems, building on the progressive development of e-grants, e-procurement (e-submission) and SEDIA (Single Electronic Data Interchange Area – single entry point for recipients of EU funds and central validation of their data).
5. Significant effort will be put into reporting, both from a budgetary control and governance and from a performance and achievement perspective

Together with the Secretariat-General, DG Budget will continue to work on improving the Commission's reporting on financial management and on the performance of the EU budget. In particular, the articulation between the backward-looking reporting on the budget implementation and the forward-looking annual budgeting process will be further streamlined.
6. Improving control systems in place: lessons learned from internal and external audit and discharge processes. The external control in place is a key step of the global accountability and an important element to learn from the past to further improve the implementation of the EU budget.

## ***Accounting, treasury, financial risks and corporate financial IT systems***

DG BUDG provides streamlined and modern treasury services to the Commission and other EU Institutions and bodies. It will continue to broaden its offer to other EU bodies with the objective of obtaining economies of scale of centralised cash management. It will further built upon its robust forecasting capacity allowing matching inflows and outflows of cash resources and ensuring financing for EU policies. DG BUDG will continue to use the latest banking technologies to ensure cost and time efficient, reliable and secure payment processes. It will manage EU cash assets in line with applicable legal framework and risk management policy while ensuring efficient management and safe-keeping of funds.

DG BUDG will maintain a high quality central accounting function that provides prompt, high quality guidance and support, and it is a centre of expertise on accounting for EU Institutions and bodies consistently producing world-class annual accounts, prepared according to the highest international standards.

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

DG BUDG will also pursue a robust recovery process at Commission level which is key to ensuring that amounts owed to the EU budget are duly paid and that the EU's financial interests are adequately protected. It will develop a set of key performance indicators at Commission level in order to monitor the efficiency and effectiveness of the process and pay particular attention to the recovery following OLAF financial recommendations. It will increase the monitoring of the financial and legal situation of contractors and beneficiaries and maximise the use upstream in the expenditure cycle of its analysis of open entitlements.

Financial reporting is going through a modernisation process towards better data visualisation, facilitating data-driven decision-making, reinforcement of its corporate financial reporting role and ensuring data quality and governance. This modernization process involves the use of modern analytic platforms, characterized by easy-to-use tools allowing visual exploration and insight generation and will reinforce DG BUDG's role as the centre of competence for financial reporting of the European Commission and its different agencies.

DG BUDG, in its role as leading service in the financial domain, will implement the new corporate financial platform, SUMMA, which will replace the current ABAC. SUMMA will be a modern and integrated financial system, incorporating state of the art financial processes based on best practices and industry standards, and fully integrated within the EC corporate IT landscape. This major project is fully in line with the Commission's digital strategy and contributes to its implementation. As such, SUMMA will provide an important contribution to the modernisation and digitalisation of the EU administration. SUMMA will

be rolled out in different phases, starting with three pilot agencies at end of 2021 followed by the Commission at end of 2023. The other entities will follow until end of 2025. In the meantime, as SUMMA and ABAC will co-exist during a transition period, DG BUDG will also ensure the business continuity of the current ABAC and related systems. Once the SUMMA implementation is completed, DG BUDG foresees that SUMMA will be fully integrated in the IT corporate structure and governance, in terms of system ownership, management and operation.

To streamline the traditional budgetary tasks, it is key that the related IT tools are continuously maintained and developed. In particular, since Badgebud will continue to operate side-by-side to SUMMA, its continued functioning and further development (i.e. for the performance assessment and programme statements). The link between Badgebud and SUMMA will need to be ensured.

### ***Management of debt, asset, and contingent liabilities***

In this area, DG BUDG aims at achieving the following over the timeframe 2020-24:

- Establishment of a unified corporate risk management framework to ensure the sustainability of budget guarantees; robust risk assessment of guarantees agreed by authorising officers with implementing partners.
- Acting as central reporting hub on sustainability of budget guarantees as well as the assets/liabilities of legacy financial instruments to Council, European Parliament, Court of Auditors and stakeholders. The first generation of new reports will be available in 2021.
- Setting up and managing the Common Provisioning Fund (CPF), which will anchor all budget guarantees. This requires maintenance of a well-governed and professional asset management function, which can also manage other portfolios as well as supervise externally mandated portfolios (to EIB group). CPF infrastructure to be in place by end-2022. Investment operations will start in 2021.
- The continued arrangement of borrowing and lending operations to fund financial assistance which is set to increase in 2021 linked to roll-over of outstanding EFSM loans.

### ***Performance optimisation***

A key role of DG BUDG will be to act as a performance competence centre both within the DG and more widely in the Commission, so as to pool and disseminate knowledge as well as provide a framework and related methods.

### ***Internal Control***

The Commission has evolved towards a mature organisation in terms of internal control practices with the adoption and implementation of the 2017 framework in line with the highest international standards. However, the dissemination of a solid internal control culture at all levels of the institution remains a constant challenge.

The central financial service has a key role to play in this context in terms of guidance, awareness-raising and exchange of good practice. It also needs to ensure that the Commission's framework follows the evolution of the international standards.

In the context of the full management cycle (setting of objectives, risk management, controls, reporting), the Central Financial Service also plays a corporate role in the Commission departments' risk management processes and their management reporting:

- Together with the Secretariat-General, DG BUDG supports strengthened corporate oversight (at the level of the Corporate Management Board) on risk management, by organising peer reviews among the departments to foster coherence in the identification, assessment and response of critical risks; and to identify and address any cross-cutting critical risks.
- Likewise, DG BUDG also supports the Commission departments in their assurance building and reporting on their financial management and internal control. In this context, the Central Financial Service provides instructions, guidance and quality reviews for the Commission departments' Annual Activity Reports and ensures that the corporate Annual Management Performance Report endorsed by the College provides a true and fair view of the legality and regularity of the financial transactions. This is essential in view of the discharge procedure (see also specific objective 4.2).

### **Digitalisation of Commission working methods**

Organisational effectiveness requires modern digital tools and processes. As domain leader on internal control and financial management, DG BUDG promotes the development of such tools both within the organisation and towards external stakeholders.

In the coming years, the main focus will be on the following elements:

- In line with the EC Digital Strategy DG BUDG will play a key role in the rationalisation of the corporate IT landscape, establishing the corporate vision of the IT architecture for the Financial Management domain which includes designing and implementing, in close collaboration with other Commission services, the corporates systems to be used for managing the EU Budget (i.e. SEDIA, eProcurement, eGrants, SUMMA) while promoting common and harmonized governance and compulsory onboarding for all Commission services.
- The modernisation of the internal control monitoring and reporting tools.
- The development of a platform for Annotations to the Financial Regulations. The aim of the project is to harness staff knowledge on the Financial Rules, in particular on the Financial Regulation. This tool is currently developed on SharePoint collaborative platform and includes: annotations of the Financial Regulation articles as well as a library of uploaded links of notes, guidance, circulars, models classified according to relevant metadata (such as the relevant article(s), and key words).

- The development of an integrated knowledge management system – which includes an online platform disseminating knowledge within DG BUDG and externally to all DGs and EAs and a structured system of document management and collaboration spaces. Currently, the project is in a preparatory phase. A pilot project with two clusters of topics will start mid-2020. The aim of the project is to support the internal working of staff within the DG, to promote a collaborative working culture, and ultimately to promote a wider understanding of financial rules and processes across the Commission and beyond leading to more effective budget management and implementation.

## COMMUNICATION






The communication activities in support to the general objective 7 will focus on sound and modern financial management:

### Sound & modern financial management at the Commission

Target audience	Objectives	Non-exhaustive list of activities
<p><b>In Brussels</b></p> <ul style="list-style-type: none"> <li>• Commission' staff</li> <li>• ECA</li> <li>• EU Institutions (e.g. BUDG, CONT and COMBUD committees members)</li> </ul> <p><b>In the Member States:</b></p> <ul style="list-style-type: none"> <li>• Agencies and bodies</li> <li>• Implementing partners</li> <li>• PERM REPS (+ delegations)</li> </ul>	<ul style="list-style-type: none"> <li>• Support operational DGs, agencies and EU bodies as well as implementing partners in policy and financial matters by providing regular guidance and interpretation of financial rules</li> <li>• Maintain high quality financial management by regular flow of information via specialised networks,</li> <li>• Inform stakeholders and beneficiaries about progressive digitalisation of working methods (E-governance, SEDIA...)</li> <li>• Regularly inform stakeholders about improvements to the corporate financial systems (ABAC &amp; SUMMA)</li> <li>• Provide stakeholders with high quality financial and performance reporting</li> <li>• Improve public internal control</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced dialogue with ECA</li> <li>• Improved visibility for the domain leader role of BUDG (e.g. trough Together campaign)</li> <li>• Enhanced cooperation with the DGs and agencies including via existing networks (RUF, discharge, internal control, performance...)</li> <li>• BUDG Web + new knowledge platform</li> <li>• Publication of streamlined and improved reporting (dashboards, new FTS, improved interoperability of data on shared management beneficiaries)</li> <li>• Strategic coordination and communication on modernisation (Sedia, Summa...) and improved E-governance</li> </ul>

In relation to the communication activities as domain leader on financial management BUDG will communicate on the following 5 strands:

**Communication activities as domain leader on financial management**

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

DG BUDG will also develop its internal communication strategy in view of informing DG BUDG colleagues on the political developments and directorate’s internal activities via its Spokes4BUDG network, Budgnet web pages, daily Media review and weekly BudgTimes newsletter as well as by extended training and lunch time conferences offer in view of increasing the policy awareness in view of shifting towards “Ministry of finance” role and motivate BUDG staff to act more proactively as EU budget ambassadors and multipliers.



## D. Key performance indicators

<b>Indicator</b>	<b>Baseline</b>	<b>Target 2024</b>
<b>Conclusion of negotiations on the post-2020 MFF, implementation and mid-term revision</b>	Concluded negotiations for post-2020 MFF in 2020 Implementation of the MFF	Mid-term revision proposed
<b>New Own Resources Developed</b>	Ongoing negotiations between the Council of the European Union and the European Parliament	New business taxation-based and/or 'green' own resources enter into force
<b>Facilitate the adoption and implementation of annual budget within the deadlines set in the Treaty respecting the political priorities and taking account of programme's performance</b>	Budget 2020 adopted on 27 November 2019	Adoption of annual Budget in December at the latest  100% implementation
<b>Develop a performance culture in the Commission, which puts a strong focus on budgetary performance in the annual reporting and integrates performance concepts in the annual and multiannual budget cycles with a view to deliver a budgetary policy based on evidence</b>	Performance information presented in the AMPR 2018, as well as in the programme statements and Programmes' Performance Overview accompanying the draft budget 2020	Integrated online presentation of performance information embedded in the annual draft budget and performance reporting cycle. Implementation of residual error methodology  Reinforcing performance framework for evaluation, reporting, budgeting and programming
<b>Confirmation by ECA of the reliability of the annual accounts and discharge resolution by EP with no postponement or reservations</b>	Positive DAS on 2018 Accounts  No postponement of the discharge	Positive DAS on annual accounts 2019-2024  Annual discharge in EP plenary for 2019-2024 budgets
<b>Confirmation by ECA of the effectiveness of the Commission's Own Resources control systems</b>	Positive DAS Opinion on Own resources for 2018 exercise	Positive DAS Opinion on Own resources yearly
<b>Degree of implementation of the new corporate financial platform (SUMMA)</b>	Phase II and I successfully implemented – detecting high-level needs. GAPS and specific needs being identified during 2020  2022: Pilot agencies rollout 2024: Commission rollout	SUMMA successful implementation for all the Commission services

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

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

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

In an increasingly complex economic and political landscape, characterised by limited resources and a rapidly changing work environment, DG BUDGET needs to continue to ensure the effective management of its human resources in order to continue to deliver on its priorities and thus contribute to the over-arching priorities of the Commission.

In this context, achieving gender balance in all management posts will remain a priority for the DG. While women currently make up 38% of DG BUDGET's middle management population, DG BUDGET's objective is to reach parity by 2024. This will be done through identifying, as early as possible in their careers, women with high management potential and fostering this potential through a dedicated talent management programme alongside specific coaching and mentoring. In parallel, through the use of networking and improving the way in which vacancy notices are worded, DG BUDGET aims to increase the number of women applying for administrator and middle management jobs in the DG.

As the domain leader in financial management, DG BUDGET will invest resources in fostering excellent financial governance across the Institution and in strengthening cooperation with Member States in collaboration with Commission services responsible for shared management.

With regard to its current and future workforce, focused training will be organised to ensure staff are ready and able to rise to the challenges of DG BUDGET's vision to act as a Ministry of Finance. By identifying knowledge clusters and gaps and by preparing colleagues for more active engagement in policy design, DG BUDGET aims to increase and refine inter-DG cooperation and encourage intra-DG project team work. In addition to training, DG BUDG will invest in transforming the way we work, moving towards automated processing and focus on value-added tasks. Succession planning and targeted recruitments, both in-house and through specialist competitions, will ensure that the new profiles needed will be acquired as this moves forward.

Finally, through regular individual and group meetings, both formal and informal, between senior and middle management and staff, DG BUDGET aims to reinforce staff engagement.

Listening to and addressing concerns as they arise, DG BUDG’s objective is to ensure that it has a workforce in place that is fully engaged and continually strives for excellence.

In order to ensure the effective management of human resources and to optimise the capacity to deliver on priorities in this strategic plan, DG BUDG will develop a local HR strategy for the period 2020-2024 consistent with the overall corporate HR strategy. As mentioned, this strategy will encompass a series of actions to identify the skills and profiles DG BUDG needs to recruit to deliver its business goals.

Objective: DG BUDG employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission’s priorities and core business	
<b>Indicator 1 [mandatory]: Number and percentage of first female appointments to middle management positions</b>	
<b>Source of data:</b> DG BUDG	
<b>Baseline (female representation in management)</b> ( 2019 )	<b>Target</b> (2024)
38%	Increase
<b>Indicator 2 [mandatory]: DG BUDG staff engagement index</b>	
<b>Source of data:</b> Commission staff survey [data to be provided by DG HR]	
<b>Baseline</b> ( 2019)	<b>Target</b> (2024)
75%	Increase

**B. Sound financial management**

DG BUDGET is responsible for managing its own administrative expenditure, which includes procurement, and for defining and overseeing the correct implementation of the financial rules applicable to the general budget. In this context, risks are effectively mitigated by means of both ex-ante and ex-post controls put in place.

One of DG BUDGET’s financial cell’s objectives over the coming period is to further simplify internal processes and to further strengthen internal coordination in order to remove bottlenecks in implementation and improve transparency and accountability in financial management. While electronic workflows are already in place for some of the processes involved in the initiation and validation of transactions, the objective is to implement electronic workflows for all financial transactions in the future. Electronic workflows have proven to be reliable and fast and will contribute to efficiency gains in our financial management.

Another objective is to provide stronger and more centralised support and supervision upstream, across the DG, in preparing and implementing procurement procedures. Through harmonising practices, the risk of errors or failure to comply with the Financial Regulation

will be reduced. This support will be complemented by stronger and more effective controls of contract management downstream. In order to achieve this objective, DG BUDGET will need to move to full use of all functionalities of the PPMT (Public Procurement Management Mode) tool. While e-submission was piloted in 2019, full use will imply the roll-out of e-request, e-ordering and e-invoicing.

Finally, smarter and more regular reporting on budget planning and implementation will provide accurate and timely information on the available appropriations and their utilisation as a management tool for monitoring the implementation of the budget.

When it comes to internal control systems, DG BUDGET will further invest in improving monitoring and evaluation, including the monitoring of ongoing audits and following up on audit recommendations. Regular reporting to senior management will further enhance reassurance with regard to sound financial management.

Turning to revenue and the collection and availability of own resources, DG BUDGET has a crucial role to play in analysing the systems set up by the Member States and in assessing whether or not they provide reliable assurance as regards the accuracy of the information provided and the legality and regularity of operations. One of the challenges over the coming years in this regard, will be to support and assist those Member States whose systems have proven not to be entirely effective, in improving their internal control systems.

Another important objective will be to continue, in collaboration with other Commission services, the fight against fraud in the area of revenue and undervaluation when it comes to imports to the EU.

<b>Objective:</b> The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions	
<b>Indicator [mandatory]:</b> Estimated risk at closure	
<b>Source of data:</b> DG BUDG	
<b>Baseline</b> (2019)	<b>Target</b> (2024)
0,5%	< 2% of relevant expenditure

### C. Fraud risk management

DG BUDGET will update its Anti-Fraud Strategy during the second half of 2020 in order to integrate the new approach and objectives of the revised Commission Anti-Fraud Strategy. This update will underline DG BUDGET’s corporate role through: (i) defining the areas where DG BUDGET is an actor in the Commission Anti-Fraud Action Plan; (ii) reinforcing the description of the actions that are necessary to go further in the fight against fraud in the area of revenue collection; and (iii) emphasising the need for reinforced cooperation with other services.

DG BUDGET will also continue to work in close cooperation with OLAF and TAXUD on risk management and the enhancement of measures to fight against fraud. This collaboration will target, inter alia, mitigation measures with regard to the undervaluation of imports to the EU (on which work is already ongoing), and carrying out (upstream) a fraud-proofing exercise on future spending programme. DG BUDGET will ensure the inclusion of OLAF Instructions on Financial Recommendations and Guidelines on Financial Monitoring to the spending DGs as well as improving reporting on the amounts actually recovered following OLAF's financial recommendations. This trend of cooperation will continue in the next years.

Fraud prevention also encompasses the Early Detection and Exclusion System (EDES), which has been reinforced under the new Financial Regulation. DG BUDGET will continue to invest in raising awareness about this system, amongst stakeholders both inside and outside the Commission, in order to make sure that all potential cases are brought to the attention of the EDES panel.

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

<b>Objective:</b> The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy <sup>3</sup> aimed at the prevention, detection and correction <sup>4</sup> of fraud	
<b>Indicator [mandatory]:</b> Implementation of the actions included in [the service's] anti-fraud strategy over the whole strategic plan lifecycle (2020-2024)	
<b>Source of data:</b> DG BUDG annual activity report, DG BUDG anti-fraud strategy action plan, OLAF reporting	
<b>Baseline</b>	<b>Target</b>
2019	2025
Cooperation with OLAF to define the Commission's Anti-Fraud Action Plan – DG BUDG is in the lead of several actions	100% of action points implemented in time ( for the Corporate Commission's Action Plan and for local BUDG Anti-Fraud Strategy.

### D. Digital transformation and information management

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

<sup>3</sup> Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

<sup>4</sup> Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

A new DG BUDG Knowledge Management System will be created in order to strengthen DG BUDG's role as Domain Leader for the core functions of financial management and the internal control framework. It will contribute to the simplification and harmonisation of internal processes at DG BUDG and promote coordination across the Commission in the implementation of actions aiming to modernise financial management.

BUDG Knowledge Management System will be an integrated portal solution based on a structure, which will reflect all DG BUDG processes. The aim is to automatically share knowledge, data and information, avoid duplications through integrating document management system in order to increase efficiency and quality of work.

As indicated in part I, DG BUDG, in its role as the leading service in the financial domain, will be putting in place a new corporate financial platform, called SUMMA, to replace the current ABAC system, which has become obsolete over time. SUMMA will be a modern and integrated financial system, incorporating state of the art financial processes, based on best practices and industry standards, and will be fully integrated within the EC corporate IT landscape. This major project is fully in line with the Commission's digital strategy and will contribute to its implementation, providing an important contribution to the modernisation and digitalisation of the EU administration.

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

In the area of data protection, DG BUDG has already made considerable efforts to ensure compliance with the new internal rules, which entered into force in December 2018. In close cooperation with the DPO and other Commission services, DG BUDGET will continue to ensure that the most relevant processing operations involving personal data are documented in the corresponding records. DG BUDGET will also continue to be in the lead when it comes to corporate records in relation to new clauses in framework contract and specific contract models.

In order to continue to meet the required level of compliance over the coming years, DG BUDGET will periodically organise raising awareness campaigns amongst all staff in the DG (especially those who process personal data and who are in charge ensuring that such data is protected) of the new rules and of the importance of complying with them. In order to meet the desired target regarding the percentage of staff attending awareness raising activities on data protection compliance, DG BUDG will also ensure the organisation of yearly specific training by DG BUDGET's Data Protection Coordinator. This format will also allow for the exchange of best practices.

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

**Indicator 1 [mandatory]: Degree of implementation of the digital strategy principles by the most important IT solutions<sup>5</sup>**

**Source of data:** DG BUDG

Baseline (2019)	Interim milestone (2021)	Target (2024)
Current corporate financial system – ABAC	Roll out SUMMA ( new corporate financial system) for Pilot agencies end 2021	Roll out of SUMMA for the whole Commission end 2023

**Indicator 2 [mandatory]: Percentage of DG BUDG key data assets for which corporate principles for data governance have been implemented**

**Source of data:** DG BUDG

Baseline (2019)	Interim milestone (2022)	Target (2024)
40%	50%	80%

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

**Source of data:** DG BUDG

Baseline (2018)	Interim milestone	Target (2024)
10%	25% of staff each year	100% of staff

**Indicator 4: Implementation of the new BUDG Knowledge Management System**

**Source of data:** DG BUDG

Baseline (2018)	Interim milestone	Target (2024)
No system available.	Portal structure and content on key processes online.	New system in operation integrating BUDGweb and BUDGnet.

## E. Sound environmental management

A specific DG BUDG EMAS Team was set up in 2019 to fulfil the abovementioned objective. With the full support of BUDG’s Senior Management team, the team has developed an EMAS action plan, which is focused to a large extent on communication actions structured around four pillars: (i) Plastics; (ii) Energy; (iii) Commuting/Transport; and (iv) Paper. The communication actions planned under each of these pillars aim to raise the collective

<sup>5</sup> The European Commission Digital Strategy (C(2018)7118) calls on Commission services to digitally transform their business processes by developing new innovative digital solutions or make evolve the existing ones in line with the principles of the strategy. At the beginning of the year N+1, the Solution Owner and IT Investments Team will assess the progress made on the basis of the proposed modernisation plan. For each of the 3 solutions, a table will reflect – per principle - the progress achieved during the last year.

awareness of BUDG staff about what needs to be done in order for BUDG to become a greener DG and to motivate BUDG staff to modify their habits accordingly.

By addressing the pillars one by one over a period of 3 - 4 months, regularly repeating key messages using different media (email, posters, conferences, ...), and the impact should be greater.

Started in September 2019 with the 1st pillar, focused on reducing plastic waste, an email to all staff was followed by a 'bring your mug' poster campaign and the organisation of an awareness-raising conference that took place over lunchtime. As art has proven to be an excellent way to get messages across and to raise awareness about topics that colleagues might otherwise fail to pay attention to when communicated through other mediums, in parallel to the aforementioned actions, BUDG's Art@work team supported the push towards encouraging more eco-friendly behaviour through the organisation of an exhibition entitled "The rising waters" and "Zooplastics". The latter drew particular attention to the major environment problem of micro-plastics. A third exhibition on the theme of reusing waste materials is in the pipeline.

The second pillar, focused on energy reduction, is centred around a series of eye-catching humorous posters designed to encourage staff to switch off their office lights and computers when not in use. Although, electricity consumption in the BRE2 building is below the average for Commission buildings, it can be reduced further. Efforts are therefore being closely monitored in order to complement the poster campaign with concrete facts and figures over time. As Commission building are responsible for 40% of the Commission's energy consumption and 36% of greenhouse gas emissions in general, reducing energy consumption in our buildings will contribute towards achieving carbon-neutrality by 2030.

Turning to the 3rd pillar, new additional bicycle and motorcycle parking facilities and the mutualisation of car parking places are planned for 2020 in an effort to encourage more colleagues to change over to soft mobility while new state-of-the-art IT equipment which is planned to be installed in all meeting rooms over the next two years should facilitate teleconferencing and reduce the current number of missions carried out by BUDG staff.

Finally, under the fourth pillar, there will be a strong push for staff to go paperless.

All of the above will be accompanied by the regular updating of BUDG's EMAS web-page and the inclusion of eco-tips in BUDG's weekly newsletter "BUDG Times"



## ANNEX – PERFORMANCE TABLES

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

General objective 3 : An economy that works for people		
<p><b>Impact indicator 1: Employment rate of persons aged 20 to 64</b></p> <p><b>Explanation:</b> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group</p> <p><b>Origin of the indicator:</b> EU Sustainable Development Goals indicator; European Pillar of Social Rights <b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_08_30), based on the EU Labour Force Survey</p>		
Baseline (2018)	Interim milestone (2020)	Target (2024)
72.4%	75%	Increase
<p><b>Impact indicator 2: Young people neither in employment nor in education and training</b></p> <p><b>Explanation:</b> The employment rate is calculated by dividing the number of persons aged 20 to 64 in employment by the total population of the same age group</p> <p><b>Origin of the indicator:</b> EU Sustainable Development Goals indicator; European Pillar of Social Rights <b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_08_30), based on the EU Labour Force Survey</p>		
Baseline (2018)	Interim milestone (2022)	Target (2024)
13.1%	Decrease	Decrease
<p><b>Impact indicator 3: Investment share of GDP</b></p> <p><b>Explanation:</b> The investment share of GDP measures the investment for the total economy, government and business, as well as household sectors. The indicator is calculated as the share of GDP used for gross fixed capital formation</p> <p><b>Origin of the indicator:</b> EU Sustainable Development Goals indicator <b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_08_11)</p>		
Baseline (2018)	Interim milestone (2022)	Target (2024)
21.42%	Increase	Increase
<p><b>Impact indicator 3: Gross domestic expenditure on research and development</b></p> <p><b>Explanation:</b> This indicator measures gross domestic expenditure on research and development (R&amp;D) as a percentage of GDP - the R&amp;D intensity. The Frascati Manual defines R&amp;D as creative and systematic work undertaken in order to increase the stock of knowledge - including knowledge of humankind, culture and society - and to devise new applications of available knowledge</p> <p><b>Origin of the indicator:</b> EU Sustainable Development Goals indicator <b>Source of the data:</b> Eurostat (Eurostat online data code: sdg_09_10)</p>		
Baseline (2018)	Interim milestone (2022)	Target (2024)
2.19%	3&	Increase

Specific objective 3.1. Design, negotiate and manage EU budget expenditure and revenue that delivers efficiently on Union priorities and finances EU public goods.		Related to spending programme(s): All
<p><b>Result indicator 1:</b> Conclusion of negotiations on the post-2020 MFF, implementation and mid-term revision.</p> <p><b>Explanation:</b> Stability and predictability of the available resources for implementation of programmes.</p> <p><b>Source of data:</b> MFF regulation and technical adjustments of the MFF</p>		
Baseline (2020)	Interim milestone (2021)	Target (2024)
Concluded negotiations for post-2020 MFF	Implementation of the MFF	Mid-term revision proposed
<p><b>Result indicator 2:</b> Economic analysis of the impact and outcome of EU public spending – financing EU public goods</p> <p><b>Explanation:</b> Improve the design and management of future and existing programmes with a particular focus on EU added value.</p> <p><b>Source of data:</b> MFF regulation and technical adjustments of the MFF; analysis of budget performance;</p>		
Baseline (2020)	Interim milestone (2022)	Target (2024)
Definition and start the work programme	Preparation of analytical notes Develop closer linkages with specialised stakeholder	Contribution to the MFF mid-term review Analytical basis for the preparations of the future MFF
<p><b>Result indicator 3:</b> New own resources are developed in the period 2020-2024</p> <p><b>Explanation:</b> Following an agreement on the Multiannual Financial Framework for 2021-2027 – and in line with international commitments, negotiations carried out OECD level, and the EU's climate ambition - BUDG undertakes to develop new own resources in the course of the MFF period. Measured on the basis of legislative proposals adopted by the Commission and co-legislators</p> <p><b>Source of data:</b> European Commission, Council of the European Union, European Parliament</p>		
Baseline (2019)	Interim milestone (2021)	Target (2024)
Ongoing negotiations on the Own Resources Decision between the Council of the European Union and the European Parliament	Possible proposals for business taxation-based and/or 'green' own resources <sup>6</sup>	New business taxation-based and/or 'green' own resources enter into force
<p><b>Result indicator 4:</b> Facilitate the adoption and implementation of annual budget within the deadlines set in the Treaty respecting the political priorities and taking account of programme's performance.</p> <p><b>Explanation:</b> Establish a budget in close collaboration with other services, facilitate the timely adoption and ensure full implementation. Assist the both the DGs and horizontal units in the area of performance.</p> <p><b>Source of data:</b> Agenda Planning</p>		

<sup>6</sup> Values of the indicator are the Political Guidelines of President Ursula von der Leyen.

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Budget 2020 adopted on 27 November 2019	Target to be achieved each year	Adoption of annual budget in December at the latest
Timely support to the Council and European Parliament on budget negotiations	Target to be achieved each year	Amending letters and all input documents provided before the start of the conciliation period
2019 Execution rate: Commitments and payments after carry overs : (99.5 %)	Target to be achieved each year	100%
New structure of the budget aligned with the post 2020 MFF prepared for the launch of 2021 budget procedure	Targets to be achieved each year	Full translation of the MFF governance, significant simplification of the budget structure (reduced number of budget lines) structure and alignment of IT tools in the annual budget
Assesment of the programme statements in the context of the preparartion of the budget.	Share programme knowledge across the DG. Active involvement in 2020 and 2021 in the design of the new performance framework for the AMPR	Provide support to the horizontal units and DGs in the area of performance including when appropriate the consequences in the preparation of the annual budget
Long-term forecast of future inflows and outflows of the EU budget 2020-2024	Long-term forecast of future inflows and outflows of the EU budget 2023-2027	Long-term forecast of future inflows and outflows of the EU budget 2025-2029

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

Related to spending programme(s): All

**Result indicator 1:** Develop a performance culture in the Commission, which puts a strong focus on budgetary performance in the annual reporting and integrates performance concepts in the annual and multiannual budget cycles with a view to deliver a budgetary policy based on evidence.

**Explanation:** In order to be able to move performance towards the core of EU spending, the Commission must continue its work towards a cultural change inside. Such a cultural change will have an impact in particular on the Commission's annual reporting as well as on the budgetary procedures. It will require continued capacity building both within DG BUDG and the other spending DGs. The effect of successively changing the EU's spending narrative to focus more on performance will be self-enforcing in the sense that changing the narrative will contribute and correspond to a change in mindset which in turn will reinforce that narrative.

**Source of data:** DG BUDG

<b>Baseline</b>	<b>Interim milestone</b>				<b>Target</b>
2019	2020	2021	2022	2023	2024
Performance information presented in the AMPR 2018, as well as in the programme statements and Programmes'	Continuous improvement of budget performance reporting; Successively incorporate performance assessment into annual budget procedure				Integrated online presentation of performance information embedded in the annual draft budget and performance reporting cycle.

Performance Overview accompanying the draft budget 2020	New section to assess the performance of programmes in Programme Statements and Programme Performance Overview;	Commission Communication on Performance; Specific training on performance information and optimisation of its use for DGs;	Tracking and performance reporting of EU budget expenditure on high-level political priorities;	Interactive online presentation of performance information.	
MFF 2021-2027 proposal based on the spending review 2017.	Contribute to developing the monitoring and evaluation framework for the MFF		Participate in the final evaluations of the MFF programmes 2014-2020	Performance information used in the Mid-Term Review of the 2021-2027 MFF	Commission proposal for post-2027 MFF based on performance information
<p><b>Result indicator 2:</b> Develop a shared understanding of budgetary performance with the main stakeholders, in particular the European Parliament, the Council and the European Court of Auditors.</p> <p><b>Explanation:</b> During the budgetary cycles, the Commission does not act alone but always in conjunction with key stakeholders. Therefore, it is important that key concepts of budgetary performance and its meaning are shared across the different institutions so that a fruitful discussion on the basis of these concepts can emerge.</p> <p><b>Source of data:</b> DG BUDG</p>					
<b>Baseline</b>	<b>Interim milestone</b>				<b>Target</b>
2019	2020	2021	2022	2023	2024
Performance information presented in the AMPR 2018, as well as in the programme statements and Programmes' Performance Overview accompanying the draft budget 2020.	Proactively working with the Court, the Parliament and the Council to ensure that the Commission's performance reporting corresponds to the needs of those stakeholders;				Stakeholders acknowledge the Commission's efforts to strengthen the focus on performance of EU budget spending, and share a common understanding of the key concepts across all levels of reporting
	Acknowledgement of the Commissions's continuous efforts to improve performance reporting in the first ECA Annual Report on Performance;	First annual high-level Conference on topics surrounding EU budget performance with active participation by all groups of stakeholders;	Positive feedback from stakeholder groups on how the MFF transition has been reflected in the performance reporting;	Positive feedback from stakeholder groups on Commission reporting on political periorities	

**Specific objective 3.3. Enhance agility of the budget by strategic planning and foresight, asset management and use of the budgetary headroom**

Related to spending programme(s): All

**Result indicator 1:** Implementation of the post 2020 MFF publishing regular long-term forecasts of future inflows and outflows.

**Explanation:** Best use of MFF resources and flexibility instruments to respond to current and new priorities, adequate level of appropriations throughout the MFF period. Ensuring the respect of the ceilings throughout the MFF period and preventing the build-up of backlog and bottlenecks.

**Source of data:** Technical adjustments of the MFF, monthly and yearly reports on budget execution, yearly annual accounts, yearly long-term forecasts of future inflows and outflows.

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Concluded negotiations for post-2020 MFF	Adequate level of implementation of commitment and payment appropriations	Adequate level of implementation of commitment and payment appropriations
Long-term forecast of future inflows and outflows of the EU budget 2020-2024	Milestone to be achieved each year	Long-term forecast of future inflows and outflows of the EU budget 2025-2029

**Result indicator 2:** Prudent management of budgetary headroom

**Explanation:** For the possibility for the EU budget to react to unforeseen circumstances in an adequate manner, it is important to manage the EU budget carefully and ensure sufficient budgetary headroom in order to maintain the confidence of markets in the EU budget. As a proxy for measuring whether the headroom is managed sufficiently prudent, the credit rating of the EU budget can be used.

**Source of data:** Moodys / S&P / Fitch/DBRS\*/Scope\* (\* non-solicited ratings)

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
AAA/Aaa/AA respectively by Fitch/Moody's/S&P's AAA/AAA respectively by DBRS/Scope (non-solicited)	Target to be achieved every year	Maintain high ratings, account being taken of evolving circumstances

## General objective 5: Promoting our European way of life

General objective 5 : Promoting our European Way of Life		
<p><b>Impact indicator 1:</b> Perceived independence of the national justice systems in the European Union</p> <p><b>Explanation:</b> This indicator measures the percentage of the general public that perceives the independence of national justice systems as very or fairly good</p> <p><b>Origin of the indicator:</b> EU Justice Scoreboard</p> <p><b>Source of the data:</b> EU Justice Scoreboard 2019 (based on Eurobarometer survey)</p>		
Baseline (2019)	Interim milestone (2022)	Target (2024)
56%	Increase	Increase
<p><b>Impact indicator 2:</b> Return of migrants with no right to stay</p> <p><b>Explanation:</b> This indicator shows the percentage of effected returns to third countries compared to return decisions issued by the Member States<sup>7</sup></p> <p><b>Origin of the indicator:</b> DG HOME</p> <p><b>Source of data:</b> Eurostat (Eurostat online data code: migr_eirtn / migr_eiord)</p>		
Baseline (2018)	Interim milestone (2020)	Target (2024)
32.0%	Increase	Increase

<p><b>Specific objective 5.1. Secure that the amounts allocated from the EU budget are invested for the intended purpose, and ensure strict compliance with the financial rules in order to minimize errors, prevent fraud, enhance transparency, and pave the way to the discharge.</b></p>	<p>Related to spending programme(s): All</p>	
<p><b>Result indicator 1:</b> Align the financial regulation to the outcome of the negotiations and agreement on the new Multiannual Financial Framework (MFF)</p> <p><b>Explanation:</b> A new set of financial rules is needed to adapt future spending programmes to the new MFF when agreed</p> <p><b>Source of data:</b> DG BUDG</p>		
Baseline (2020)	Interim milestone (2021)	Target (2024)
Current Financial Regulation	Modified Financial regulation adopted by the Commission to bring it in line with future spending programmes	New Financial Regulation proposal adopted by the co-legislator

<sup>7</sup> Eurostat collects both the nominator and the denominator annually from the Ministries of Interior / Border Guards / Police of the Member States. The data heavily depend on national circumstances and policies. In addition, the time lag between the return decision and its execution means that the reference population of the nominator and denominator are not the same

**Result indicator 2:** Facilitate compliance with financial regulation through simpler and more coherent rules and simplification tools

**Explanation:** Maximised uptake of simplification tools, including simplified cost options, will minimize errors while at the same time reducing the administrative burden for beneficiaries.

**Source of data:** DG BUDG

Baseline (2018)	Interim milestone (2021)	Target (2024)
Currently, there are authorising Decisions for simplified costs for approximately 12 programmes	2 additional programmes or DGs per year	20 programmes/ DGs use the simplification tools in order to the error rates and simplify the implementation of programmes

**Result indicator 3:** European Parliament granting discharge to the Commission

**Explanation:** When granting discharge to the Commission, the European Parliament confirms that the Commission has implemented the EU budget in line with the principles of sound financial management.

**Source of data:** European Parliament

Baseline (2020)	Interim milestone (2022)	Target (2024)
European Parliament granted discharge to the Commission for the financial year 2018 with no postponement	Target to be achieved every year	European Parliament to grant discharge to the Commission with no postponement

**Result indicator 4:** Confirmation by the European Court of Auditors of the effectiveness of the Commission's own resource management and control systems

**Explanation:** The indicator measures the effectiveness of the measures put in place by the Commission in terms of control of the own resources system

**Source of data:** Annual report of the ECA.

Baseline (2019)	Interim milestone	Target (2024)
Positive DAS opinion on own resources by ECA	Target to be achieved each year.	Positive DAS opinion on own resources by ECA

**Result indicator 5:** Amount of provisions held against total exposures under the guarantees.

**Explanation:** Provisions constitute some form on risk budget held against contingent risks emanating from budgetary guarantees. The growth budgetary guarantees and hence in provisions leads to an increase in contingent risks to the budget that will need to be properly monitored and managed within the Commissions unified risk management framework.

**Source of data:** DG BUDG

Baseline (2020)	Interim milestone (2022)	Target (2024)
15bn (EFSI, EFSD, ELM, MFA)	--	To be determined – It depends on final amounts agreed for InvestEU and EFSD+/NDICI in the MFF proposal

**Specific objective 5.2. Strengthen the protection of the EU budget from financial risks including to the generalized deficiencies as regards the rule of law in the Member States.**

**Related to spending programme(s): All**

**Result indicator 1:** A Strategic Member state information platform is managed by DG BUDG which is up-to-date and accurate

**Explanation:** DG BUDG manages a web platform, contributing to a wider JRC/SG initiative , which gathers and assesses budget related information (including conflict of interest, rule of law and anti-fraud / corruption) regarding the 27 member states

**Source of data:** DG BUDG dedicated Information system (CONNECTED)

<b>Baseline</b> (2019)	<b>Interim milestone</b>	<b>Target</b> (2024)
2 Member States	6 additional Member States per year	All 27 member states

**Result indicator 2:** Protection of the EU budget through increased clarity on conflict of interest rules, availability and interoperability of high-quality data on EU funds beneficiaries, and improved enforcement of recoveries.

**Explanation:** DG BUDG proposes an Action Plan with a number of actions in the areas of availability and interoperability of information on EU beneficiaries, conflict of interest, enforcement of recoveries. Actions include amendments to existing provisions of the Financial Regulation, future basic acts and guidance note on conflict of interest.

**Source of data:** DG BUDG

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2021)	<b>Target</b> (2024)
Existing Financial rules	Action plan adopted for improvement of existing Financial Rules	Action plan implemented on time by all stakeholders concerned

**Result indicator 3:** EU budget protected against deficiencies with respect to the Rule of law

**Explanation:** The Commission has made a proposal for a EP/Council Regulation to protect the EU budget in case of generalized deficiencies with respect to the rule of law. If adopted, the Commission needs to develop the tools to correctly apply this measure.

**Source of data:** DG BUDG

<b>Baseline</b> (2020)	<b>Interim milestone</b>	<b>Target</b> (2024)
Proposal ,made by The Commission to Council and EP.	<p>Adoption of the proposal by EP and Council</p> <p>(2021)</p> <p>Link to / cooperation with rule of law mechanism run by DG JUST in place</p> <p>(2022)</p> <p>Methodology in place how to apply the regulation (e.g. which measures like suspension to apply in which case of rule of law deficiencies.</p>	Commission can ensure that EU budget is fully protected with respect to generalised rule of law deficiencies in all Member States.



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

Related to spending programme(s):  
All

**Result indicator 1:** Modern and efficient management and control framework for own resources - Timely and accurate collection of own resource contributions and related payments from Member States, thanks to a close monitoring of the implementation of the own resources regulations and the full implementation of the inspection programmes

**Explanation:** The indicator tracks the rate of collection of revenue stemming from own resources and degree of implementation of the inspection programmes.

**Source of data:** Monthly information on making available of own resources, inputs to the annual VAT and GNI balances exercise, and follow-up and reporting on implementation of inspections.

Baseline (2019)	Interim milestone	Target (2024)
100% collection and full implementation of inspection programme in 2019	Target to be achieved each year	100% collection and full implementation of inspection programmes

**Result indicator 2:** Development and implementation of a strengthened enforcement strategy for traditional own resources

**Explanation:** The indicator tracks progress towards more efficient and proactive action of DG BUDG to improve the collection of traditional own resources by Member States

**Source of data:** TOR inspection reports and risk analysis tools and results, developments in the customs policy, analysis produced at EU level and results obtained

Baseline (2019)	Interim milestone (2021)	Target (2024)
Risk analysis process based on regular knowledge sharing and internal stocktaking annual meeting taking into account other DGs' input.	use of an evaluation grid to structure and document the risk analysis process.	structured and documented risk analysis ensuring that the focus of the inspection work is on the most risky areas
Annual programme of inspections planned in N-1 and ad-hoc follow-up of the findings from a legal perspective.	Design and implementation of flexible ad-hoc inspections to address swiftly emerging threats to TOR and ensure effective and proactive follow-up of the results, including via the early start of infringements proceedings.	Up and running thread of ad hoc inspections further mitigating the risks related to TOR coupled with a dynamic follow-up of the findings via a pro-active infringement follow-up.
Silo analysis of the risks related to TOR, by MS and at Commission level.	Joint Analysis of Customs and trade data at EU level on risky products and trade patterns, feeding the control, inspection and investigation work at EU and MS level.	Fully-fledged risk analysis capacity at EU level allowing coordinated control approach between EU and MS and effective mitigation of the risks for TOR.
Silo approach to customs policy development	Gradual integration of TOR-related issues in customs policy development, especially regarding risk management and controls.	coordinated and cooperative approach of customs policy development
Risk analysis process based on regular knowledge sharing and internal stocktaking annual	use of an evaluation grid to structure and document the risk analysis process.	structured and documented risk analysis ensuring that the focus of the inspection work is on the most

meeting taking into account other DGs' input.		risky areas
<p><b>Result indicator 3:</b> Successful implementation of the control system for new and reformed own resources</p> <p><b>Explanation:</b> The indicator measures the successful transition to a control system adequate for new and reformed own resources</p> <p><b>Source of data:</b> Annual progress reports</p>		
<b>Baseline</b> (2019)	<b>Interim milestone</b> (2020)	<b>Target</b> (2024)
Internal reflection at service level.	Adoption of the relevant legislation and implementing measures	Implementation of the new control system
<p><b>Result indicator 4:</b> VAT fraud addressed in the context of own resources</p> <p><b>Explanation:</b> To enhance fiscal solidarity in the Single Market, VAT fraud is included in calculation of own resource base. Measured by amount of revenue recovered.</p> <p><b>Source of data:</b> Annual progress reports</p>		
<b>Baseline</b> (2019)	<b>Interim milestone</b> (2021)	<b>Target</b> (2024)
Internal reflection at service level.	Assess the impact of fraud on VAT-based own resource revenue.	Develop a comprehensive understanding of the impact of fraud on the VAT-based own resource and options to correct its possible negative impact.
<p><b>Result indicator 5:</b> Systematic-driven adoption of administrative sanctions against unreliable persons and entities claiming EU funds</p> <p><b>Explanation:</b> to ensure that unreliable persons or entities are effectively sanctioned across all budget areas</p> <p><b>Source of data:</b> DG BUDG</p>		
<b>Baseline</b> (2020)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Ongoing awareness exercises on the sanctions mechanism across Commission, other institutions, agencies and Member States	Propose extension of EDES to shared management	Ensure that all Commission services, other institutions and agencies protect the budget by initiating administrative sanctions in all the cases that is required

**General objective 7: A modern, high performing and sustainable European Commission**

General objective : A modern, high performing and sustainable European Commission		
<p><b>Impact indicator 1:</b> Image of the European Union</p> <p><b>Explanation:</b> This indicator is based on the question ‘In general, does the EU conjure up for you a very positive, fairly positive, neutral, fairly negative or negative image?’ The indicator gives the share of positive and fairly positive views on this question</p> <p><b>Origin of the indicator:</b> Eurobarometer</p> <p><b>Source of the data:</b> Eurobarometer</p>		
Baseline (2019)	Interim milestone (2022)	Target (2024)
43%	Increase	Increase
<p><b>Impact indicator 2:</b> Staff engagement index in the Commission</p> <p><b>Explanation:</b> Staff engagement measures staff’s emotional, cognitive and physical connection to the job, organisation and the people within it</p> <p><b>Origin of the indicator:</b> European Commission Staff Survey</p> <p><b>Source of the data:</b> European Commission</p>		
Baseline (2018)	Interim milestone (2022)	Target (2024)
69%	Increase	Increase

<p><b>Specific objective 7.1. Act as a center of excellence and trustful partner for Commission services, other institutions, Member States and beneficiaries regarding:</b></p> <ul style="list-style-type: none"> <li>- financial governance, single (simplified) rulebook, transparency, smart reporting and derived intelligence, single audit approach, compliance and accountability</li> <li>- sound and efficient management of accounts, treasury, financial risks and corporate financial IT systems</li> <li>- stronger central oversight and management of debt, asset, and contingent liabilities</li> <li>- performance optimisation through developing, implementing, monitoring and evaluating policies in an evidence-based, transparent and collaborative way with stakeholders and experts</li> <li>- robust internal control that helps the Commission to achieve its objectives and sustain operational and financial performance.</li> </ul>	<p>Related to spending programme(s): All</p>	
<p><b>Result indicator 1:</b> Annual accounts adopted on time by the Commission and by relevant other authorities</p> <p><b>Explanation:</b> this indicator measures the achievement of a key regulatory requirement, the preparation of annual accounts</p> <p><b>Source of data:</b> Published accounts</p>		
Baseline (2019)	Interim milestone	Target (2024)
Annual accounts adopted on time	Target to be achieved each year	Annual accounts adopted on time
<p><b>Result indicator 2:</b> Positive DAS on annual accounts from ECA</p>		

**Explanation:** this indicator measures a key element of success for the Commission, a clean annual discharge

**Source of data:** ECA

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
DAS positive	Target to be achieved each year	Das positive

**Result indicator 3:** Efficient and effective treasury management, through speedy execution of payments with minimal negative interest paid

**Explanation:** The central treasury of the Commission processes some 2.5 million payments annually, on a continuous basis

**Source of data:** Daily banking status, SAP

<b>Baseline</b> (2019)	<b>Interim milestone</b> (2022)	<b>Target</b> (2024)
Effective management achieved	More efficient payment processes to remote countries	Processes as efficient as possible

**Result indicator 4:** Corporate Datawarehouse with financial and operational information

**Explanation:** The 'need to share' will become the norm for sharing data, information and knowledge. It should lead to an EC corporate Datawarehouse containing financial and operational information

**Source of data:** ABAC/SUMMA – OPSYS – SFC – SYGMA

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2021)	<b>Target</b> (2024)
Obtain links to existing corporate data warehouses	Identify important fields from operational data warehouses	Virtualise data to obtain a single corporate data warehouse

**Result indicator 5:** Domain leader in financial reporting with a significantly increased reporting capacity, including performance data and SDGs

**Explanation:** With the transition to Summa, an improved reporting capacity is being developed, which should also deal in future with the UN sustainable development goals

**Source of data:** ABAC/SUMMA

<b>Baseline</b> (2020)	<b>Interim milestone</b> (2021)	<b>Target</b> (2024)
Financial flash reports expanded	Development of a corporate financial performance scorecard	Domain leader in financial reporting with a significantly increased reporting capacity

**Result indicator 6:** Degree of implementation of the new corporate financial platform (SUMMA)

**Explanation:** The succesul modernisation of the Commission corporate financial system is very much linked to the timely implementation of the project

**Source of data:** DG BUDG

<b>Baseline</b> (2019)	<b>Interim milestone</b>	<b>Target</b> (2024)
Phase I and II successfully implemented – detecting high-level needs. GAPS and specific needs being identified during 2020	2021: Pilot agencies rollout 2023: Commission rollout	all entities rolled out in SUMMA

**Result indicator 7:** The internal control framework is effectively implemented across the Commission

**Explanation:** The Commission departments conclude that their internal control systems are functioning effectively overall and that actions are taken to address identified weaknesses.

**Source of data:** Annual Management and Performance Report

Baseline (2020)	Interim milestone	Target (2024)
Commission departments assess their internal control systems as effective	Target to be achieved each year	Commission departments assess their internal control systems as effective

**Result indicator 8:** As Business domain leader, DG BUDG contributes to the design of the Corporate IT architecture for the Financial Management

**Explanation:** Developing more efficient corporate workflows for grants, procurement, financial instruments and budgetary guarantees and the Commission departments onboard IT Corporate systems for next MFF

**Source of data:** ITCB reporting

Baseline (2020)	Interim milestone (2022)	Target (2024)
Adoption by the College of the Corporate Model Grant agreement	Declination of the corporate Model grant for all spending programs Corporate Model contracts are at the disposal of the DGs	All Spending programs are managed in corporate IT for grants and procurement

**Result indicator 9:** As domain leader, DG BUDG establishes an information system for the management and monitoring of the Commission's Internal Control Framework.

**Explanation:** The Commission departments monitoring and report on their control systems in their Annual Activity Report. The objective is to have a Corporate tool to ensure uniform and automated reporting

**Source of data:** Annual Management and Performance Report (AMPR)

Baseline (2020)	Interim milestone (2022)	Target (2024)
Definition of Scope	Pilot project(s)	Corporate Tool fully implemented

**Result indicator 10:** DG BUDG's processes are integrated in an efficient Knowledge Management System

**Explanation:** DG BUDG develops and maintains a Knowledge Management System, accessible to its staff, which ensures the continuation of operations and supports the achievement of its objectives

**Source of data:** KM Steering Committee

Baseline (2019)	Interim milestone	Target (2024)
BudgWeb, BudgNet & Collaborative web spaces		Integrated KM IT system operational and functional