



# Strategic Plan 2016-2020\*

ECFIN

\* The current Commission's term of office runs until 31 October 2019. New political orientations provided by the incoming Commission for the subsequent period will be appropriately reflected in the strategic planning process

## Contents

PART 1. Strategic vision for 2016-2020.....	3
A. Mission statement.....	3
B. Operating context .....	3
C. Strategy.....	4
D. Key performance indicators (KPIs).....	15
PART 2. Organisational management.....	16
A. Human Resource Management .....	16
B. Financial Management: Internal control and Risk management.....	17
C. Better Regulation.....	18
D. Information management aspects.....	19
E. External communication activities .....	19

## PART 1. Strategic vision for 2016-2020

### A. Mission statement

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

### B. Operating context

The Member States are required to regard their economic policies as a matter of common concern and to coordinate them in the Council. They are also required to avoid excessive budget deficits. The economic crisis that began in 2008 led to the strengthening of existing rules in these regards as well as to the adoption of new rules to avoid the accumulation of macroeconomic imbalances. Efforts to reinforce economic policy coordination have focused on the Europe 2020 Strategy launched in 2010<sup>1</sup> and, more operationally, on the European Semester of economic policy coordination which was instigated in 2011. In terms of competence, the resulting recommendations have a range of legal bases: while some are enforceable with detailed provisions in secondary legislation, others rely on the willingness of Member States to effect the recommended changes.

As the EU's system of economic policy coordination has developed to become more comprehensive and better integrated, DG ECFIN increasingly works in close partnership with other services of the Commission to promote the achievement of the Union's objectives in areas such as employment and social policy, environment, energy, industry and SME policy, research and development, etc.

DG ECFIN plays an important role in preserving financial stability in the EU by providing financial assistance to Member States outside the euro area facing difficulties with their balance of payments. This is provided through the the Balance of Payments facility which is governed by an EU regulation. Euro area Member States in receipt of financial assistance are funded by the European Stability Mechanism, governed by a specific treaty currently outside the EU framework but operating fully consistent with EU policies. In those cases, DG ECFIN plays a key role in negotiating and monitoring the reform programme set out in the Memorandum of Understanding (MoU) which accompanies the financial assistance, on behalf of the euro area creditors.

DG ECFIN designs and implements EU investment programmes including the newly-launched "Investment Plan for Europe" (IPE), in close cooperation with the European Investment Bank (EIB) Group and the European Bank for Reconstruction and Development (EBRD). It also designs financial assistance programmes and undertakes financial market operations and manages the treasury and assets on behalf of other Commission services.

In addition, the Commission aims to promote the growth, stability, and resilience of the global economy and to strengthen the role of the EU as an actor, in particular by economic surveillance of EU enlargement countries and financial operations to support EU neighbourhood policy. DG ECFIN

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<sup>1</sup> The Commission is in the midst of a reflection on the future of Europe 2020 at the time of writing this strategy: a decision on the way ahead is expected in mid-2016.

therefore maintains close working relations with the EIB Group, the EBRD, the World Bank (WB) Group and other multilateral development banks, with a view to promoting EU priorities and common positions and ensuring appropriate coordination of the Commission's financial cooperation with these institutions. DG ECFIN is responsible for maintaining close working relations with the IMF and with the corresponding G7 and G20 groups to develop international strategies in the economic and financial area, as well as to enhance the role of the Commission, in line with the TFEU, in international economic and financial institutions and fora.

As regards the contribution of the Commission and more particularly DG ECFIN to the overall coordination of economic and financial policies in the EU there is an important role for the Economic and Financial Committee (EFC), the Economic Policy Committee (EPC), and the Eurogroup Working Group (EWG), as well as their subcommittees and working groups, in particular as regards administrative and general support. This is done on an ongoing basis and includes the preparation of reports and notes for the EFC, the EPC, the EWG, the Council and the Eurogroup, as well as Ecofin and Eurogroup draft conclusions and statements. It also entails providing support and policy advice to the President of the Eurogroup, the EFC and EPC Presidents, and the Brussels-based permanent President of the EWG.

DG ECFIN has a complex network of stakeholders. Its management of programmes and financial operations on behalf of the Commission and its leading role in the definition and promotion of the economic objectives of the Union define its relations with other Directorates-General (DGs) in the Commission. The authorities of the EU Member States are key stakeholders in ways which go considerably beyond the traditional and formal relationship between the Commission and Member States in the Council. With DG ECFIN's increasing role in the formulation and advocacy of economic policies at the national level, not only Member States' authorities, but also national parliaments, social partners and other business, academic and civil society organisations are becoming increasingly significant stakeholders to the DG. And as the Commission pursues a renewed effort to promote the external dimension of the Economic and Monetary Union, international partners in the IMF, G7, G20 and international development banks, as well as key non-EU national authorities assume greater importance as partners with a stake in ECFIN's work.

## C. Strategy

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

- A new boost for jobs, growth and investment
- A deeper and fairer EMU

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

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

These objectives are based upon the three key pillars of the economic strategy of the Commission: boosting investment, pursuing structural reforms and ensuring fiscal responsibility. Simultaneous action in all three areas is critical to restore confidence, reduce the uncertainty that is impeding investment and to maximise the strong mutually reinforcing effects of action on all three pillars. There is also a very strong interlinkage between these three pillars and the objective of a deeper and fairer Economic and Monetary Union which functions efficiently in economic terms. Moreover, prosperity and stability in the EU are highly dependent upon developments in the international

environment, especially stability and prosperity in our neighbourhood. Against this backdrop, DG ECFIN plays an active role in international economic issues, which complements the armoury of instruments at the disposal of the EEAS, DG TRADE, DG NEAR, DG DEVCO and ECHO.

ECFIN pursues its specific objectives through the implementation of the main activities shown in table 1 below. Details on the main activities for the year ahead are provided in the Annual Management Plan.

**Table 1: General Objectives, specific objectives and main activities for DG ECFIN**

General Objectives	Specific Objectives	Activities
<b>A new boost for jobs, growth and investment</b>	Promoting growth and employment-enhancing policies in the euro area and the EU	<ul style="list-style-type: none"> <li>- Supporting the pursuit of growth and employment enhancing policies notably within the EU 2020 Strategy and the European Semester</li> <li>- Promoting competitiveness–enhancing structural reforms</li> </ul>
<b>A new boost for jobs, growth and investment</b>	Promoting macro-economic and fiscal stability in the euro area and the EU	<ul style="list-style-type: none"> <li>- Undertaking fiscal surveillance of Member States' economies</li> <li>- Contributing to the prevention/correction of macroeconomic imbalances</li> </ul>
<b>A new boost for jobs, growth and investment</b>	Promoting investment in the EU	<ul style="list-style-type: none"> <li>- Mobilising the Investment Plan effectively towards increasing private sector participation</li> <li>- Enhancing the efficient use of EU resources via financial instruments with a special focus on SMEs and infrastructure</li> <li>- Ensuring sound and efficient management and follow-up of financial operations</li> </ul>
<b>A new boost for jobs, growth and investment</b>	Promoting prosperity beyond the EU	<ul style="list-style-type: none"> <li>- Promoting EU interest, cooperation in the external field and coordinating EU positions in the G7, G20, IMF, EIB/EIF, EIB External Lending Mandate (ELM) and governing bodies of the EBRD and other IFIs</li> <li>- Supporting macro-financial stability and promoting growth-enhancing reforms outside the EU, including regular economic dialogues with key partners and by providing macro-financial assistance</li> <li>- Supporting the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessments and advice</li> </ul>
<b>A deeper and fairer EMU</b>	Improving the efficient functioning of the Economic and Monetary Union	<ul style="list-style-type: none"> <li>- Completing EMU by implementing the proposals in the Five Presidents' Report</li> <li>- Ensuring euro area reforms proceed within the framework of the European Semester</li> <li>- Providing financial assistance to Member States</li> <li>- Strengthening the platform for future enlargement of the euro area</li> <li>- Protecting the euro against counterfeiting</li> </ul>

## **1. Promoting growth and employment enhancing policies in the euro area and the EU**

The economic crisis has had both a cyclical and structural impact on the economic growth of EU countries. The structural impact has led to a lowering of the potential growth rate of EU economies. While the global economic environment accounts for some of the slowdown, specific domestic factors are preventing faster growth in the EU. These include the fragmentation of financial markets, public and private debt overhangs, and incomplete adjustment of macroeconomic imbalances, weak investment, very low inflation, and weak confidence, partly reflecting uncertainties about the commitment to structural and institutional reforms.

DG ECFIN's analytical work aims to provide operationally-oriented policy guidance to Member States including, but not only, in the course of the European Semester. This guidance focuses on enhancing the capacity of Member States' economies to create growth and jobs, ideally through the coordinated implementation of structural reforms. These reforms also support the functioning of the Economic and Monetary Union and the internal market.

External factors that affect the achievement of this objective include the international economic environment, which is expected to be rather uncertain during at least the first years covered by this strategy; the political appetite of Member States' authorities for the implementation of the necessary reforms; and the potential impact of the phenomenon of secular stagnation.

## **2. Promoting macro-economic and fiscal stability in the euro area and the EU**

DG ECFIN will continue to promote the effective coordination of economic policy through integrated multilateral surveillance, and will focus increasingly strongly on the euro area. In this context, it will promote the pursuit by Member States of budgetary positions that are sound, sustainable and of high quality in terms of their contribution to growth and investment. It will continue to assess implementation of structural reforms for jobs and growth, including work to detect and address macroeconomic imbalances at an early stage.

After five full cycles of the European Semester for economic policy coordination, it has become apparent that the effectiveness of the coordination and surveillance framework can be improved and DG ECFIN will focus on further streamlining and simplification as part of its strategy, with a view to improved implementation of agreed fiscal and structural reforms.

External factors that could have an impact on the achievement of this objective are similar to those described under objective 1 above.

## **3. Promoting investment in the EU**

After two decades of declining competitiveness and following from subdued investment since the onset of the economic crisis, the Commission, launched the Investment Plan for Europe (IPE) together with the EIB, in November 2014. This is a comprehensive strategy designed to remove obstacles to and foster investment in the Union. The plan has the aim of bridging the investment gap without creating new debt. The European Fund for Strategic Investments (EFSI) is a key component of the Investment Plan. Its goal is to use public money as a guarantee to catalyse investment, in particular private investment, and to increase access to financing for companies.

As well as mobilising finance for investment through EFSI, the Investment Plan for Europe (IPE) also includes measures to help finance reach the real economy. These measures include enhanced cooperation between the EIB, the Commission and Member States on project identification (European Investment Project Portal) and stepped-up technical assistance and advice (European Investment Advisory Hub). Taken together with the leveraged use of public money, the IPE will stimulate investment to help boost growth, competitiveness and economic recovery.

In addition, the so-called Third pillar of the Investment Plan aims at removing bottlenecks to investment and promoting the development of framework conditions conducive to investment. Its implementation requires complementary actions at EU and country level. The Commission has started to address barriers to investment at EU level, through initiatives to reinforce the Single Market, and through the Better Regulation agenda. The need for reforms to address national barriers is stressed in the context of the European Semester. Delivering results from both EU initiatives and national reforms hinges on the commitment of Member States.

External factors that affect the achievement of this objective include the possible impact on investor decisions of uncertainty in terms of the rates of return of investments on investor decisions and of a more general slow revival of investor confidence, which may not necessarily be linked to economic fundamentals, or to related global economic developments.

#### **4. Promoting prosperity beyond the EU**

The EU's trade, investment and employment prospects are to a large extent contingent on the prosperity and continued integration of the global economy, including in the EU enlargement countries and trade partners in its neighbourhood. This has to be supported by an efficient and stable international monetary and financial system. This requires shaping global economic governance and international economic relations with a view to advancing EU interests and putting in place an efficient and robust policy framework conducive to a sustainable and balanced growth of the global economy.

The DG plays a pivotal role in reinforcing the role of the Commission, in line with the TFEU, in international economic and financial institutions and fora, such as the G7, the G20, and the IMF, by representing the EU and preparing common positions on issues related to global macroeconomic policy coordination, the international monetary system, global surveillance, debt strategy and development. It coordinates the EU position on economic and financial issues dealt with by the G7 and the G20. Through its representation at the EIB and in the Board of Directors of the EBRD, it ensures that their policies are increasingly aligned with EU ones, in particular in case of co-financing.

To strengthen the role of the EU as an external actor and contribute to promoting growth, stability, and resilience of the global economy, DG ECFIN supports appropriate economic policies in the countries covered by the European Neighbourhood Policy (ENP) and enlargement countries as well as carries out enhanced economic surveillance of EU enlargement countries. DG ECFIN manages the Union's Macro-Financial Assistance (MFA) operations in third countries.

DG ECFIN further works to strengthen co-operation in the external field with the EBRD, the EIB, other International Financial Institutions (IFIs) and multilateral development banks, and advises and co-manages financial instruments in the external field in close cooperation with other services of the Commission, in particular DGs DEVCO, NEAR and the External Action Service (EEAS). Through the External Lending Mandate (ELM) the Commission provides a comprehensive guarantee (political and commercial risks) for EIB financing operations with sovereign counterparties and a political risk guarantee for operations with non-sovereign beneficiaries. This enables the EIB to support projects in higher risk markets outside the EU in areas such as infrastructure, SMEs, microfinance, the fight against climate change and migration-related projects.

External factors that could affect the achievement of this objective are numerous. Political instability, particularly in the neighbourhood, could challenge the Union's capacity (and the capacity of other external action instruments) to promote economic development and could also directly affect the economic situation inside the EU. Economic or political instability at the global level or in particular regions could affect the effectiveness of global and regional economic policy coordination and cooperation, as well as having a direct impact on prosperity globally or in particular regions.

#### **5. Improving the efficient functioning of the Economic and Monetary Union**



In order to be able to deliver on the agenda for growth and jobs the architecture of EMU needs further strengthening. This will secure the confidence of EU citizens and businesses in the euro and ensure that the European economy can withstand economic and financial turbulence better.

Following the publication of the "Five Presidents' Report" in 2015, the Commission adopted a Communication on steps towards completing Economic and Monetary Union. This set out the priorities for the years ahead and contained a detailed work plan for Stage 1 in the first couple of years. Stage 2 of the process to complete EMU will begin in 2017 based on a White Paper to be published by the Commission at the beginning of that year. This White Paper will determine DG ECFIN's operational priorities under this heading for the remainder of the period covered by this strategy.

It is anticipated that current financial assistance programmes to Member States (Greece and Cyprus) will be concluded in the first part of the lifetime of this strategy. Post-programme surveillance will continue as planned. Nevertheless, and even though a much more robust system is in place for the detection and avoidance of imbalances which could lead to a future crisis, the EU has to be prepared to deal with any such eventuality. This will involve further work on integrating intergovernmental mechanisms, in particular the ESM, within the EU legal framework as envisaged in the Five Presidents' Report as part of Stage 2 of completing the Economic and Monetary Union, in line with the White Paper envisaged for 2017.

DG ECFIN will continue to prepare for the enlargement of the euro area and to support the continuing changeover to the euro at EU level in order to take full advantage of EMU's potential. It will assess the level of progress by non-euro-area Member States towards sustainable convergence, through regular convergence reports. This convergence is a precondition for future euro area enlargements. It will also monitor the level of non-euro-area citizens' awareness and support of introducing the euro (as reported by Eurobarometer) in the Member States not in the euro area and without opt-out.

DG ECFIN will continue to protect the euro against counterfeiting through the Pericles 2020 programme, established by Regulation (EU) No 331/2014<sup>2</sup>. Pericles is an exchange, assistance and training programme for the protection of the euro against counterfeiting. It will develop anti-fraud policy and legislation with respect to the protection of the euro against counterfeiting, and provide the support necessary for partners to protect the euro effectively.

External factors that could affect the achievement of this objective include the degree of political will on the part of the Member States to implement the first stage of the Roadmap for completing the EMU as proposed by the Five Presidents and to be ready to enter into the institutional changes that are likely to be necessary in Stage 2. The enlargement of the euro area will be dependent on political and popular support for the changeover in non-euro area Member States.

**Table 2: General and specific objectives and indicators**

<b>General objective: A new boost for jobs, growth and investment</b>	
<b>Impact indicator 2:</b> Employment rate population aged 20-64	
<b>Source of the data:</b> Eurostat	
<b>Baseline - (2014)</b>	<b>Target - (2020)</b>
69.2%	Europe 2020 target
	At least 75%

<sup>2</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0331&rid=1>

<b>Impact indicator 6: GDP growth</b>		
<b>Source of the data:</b> Eurostat		
<b>Baseline</b> (2014)	<b>Target</b> (2020)	
1.4%	Increase	
<b>Impact indicator 7: Gross Fixed Capital Formation (GFCF) investments to GDP ratio</b>		
<b>Source of the data:</b> Eurostat		
<b>Baseline</b> (2014)	<b>Target</b> (2016-2020)	
19.4%	21%-22% Mean GFCF for the period 2016-2020 having reached the range of 21%-22%	
<b>Specific objective 1: Promoting growth and employment enhancing policies in the euro area and the EU</b>		
<b>Result indicator 1: Rate of potential GDP growth for the EU (%)</b>		
<b>Source of data:</b> <a href="http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm">http://ec.europa.eu/economy_finance/ameco/user/serie/SelectSerie.cfm</a> ; indicator 6.5 potential real GDP (level) for the EU		
<b>Baseline - (2016)</b>	<b>Interim Milestone - (2016-2020)</b>	<b>Target<sup>3</sup> - (2020)</b>
To boost potential growth rates to the greatest extent possible using structural reforms	To continue the healing process from the shock of the financial crisis by pursuing economic policies aimed at ensuring a steady improvement in the growth of potential output	Increase - No numerical target for 2020 since the potential growth rate cannot be targeted directly.
<b>Result indicator 2: Nominal unit labour cost (3 years % change)</b>		
<b>Source of data:</b> AMR Scoreboard		
<b>Baseline (2015)</b>	<b>Interim Milestone - (2016-2020)</b>	<b>Target (2020)</b>
AMR Scoreboard	AMR Scoreboard annual increase	Evolution of unit labour cost in % compared to main economic competitors
<b>Result indicator 3: Percentage of CSRs partially or fully complied with</b>		
<b>Source of data:</b> European Commission database		
<b>Baseline (2015)</b>	<b>Interim Milestone (2016-2020)</b>	<b>Target (2020)</b>
Country Specific Recommendations (CSRs)	Annual Communication of the European Semester package	To improve the implementation of CSRs
<b>Specific objective 2: Promoting macro-economic and fiscal stability in the euro area and the EU</b>		
<b>Result indicator 1: Number of Member States at the medium-term objective (MTO)</b>		
<b>Source of data:</b> Commission, AMECO database and Stability/Convergence Programmes		

<sup>3</sup> Most of the indicators are indicators which we monitor, but are not associated with numerical targets.

<b>Baseline</b> (2015)		<b>Target</b> (2020)				
Commission, AMECO database		With the end of the crisis MS are expected to exit EDP and reach their MTO in their SCP horizon. It is therefore expected that their structural balance be at MTO by 2020				
<b>Planned evaluations:</b> Regular surveillance procedure based on DG ECFIN spring and autumn forecasts						
<b>Result indicator 2:</b> Country specific Net International Investment Positions ((NIIP) in % of GDP <b>Source of data:</b> AMR Scoreboard						
<b>Baseline</b> (2015)	<b>Interim Milestone</b> <sup>4</sup> (2016-2020)				<b>Target</b> (2020)	
AMR Scoreboard	AMR Scoreboard annual increase				Annual increase of NIIP in %	
<b>Specific objective 3: Promoting investment in the EU</b>						
<b>Result indicator 1:</b> European Fund for Strategic Investments (EFSI) – Total investment <b>Source of data:</b> EIB, KPI3 (as per the EFSI Agreement) included in the KPI/KMI reporting; the total investment will be also part of the annual reports submitted by the EIB to the Commission, European Parliament and Council						
<b>Baseline</b> (2015)		<b>Target</b> (2018 - EFSI Regulation (Preamble 8))				
No baseline as it is the start of the activity		Mobilise a total investment of EUR 315 billion by July 2018 as per the EFSI Regulation (Preamble 8).				
<b>Planned evaluations:</b> By 5 July 2018, the Commission shall submit to the European Parliament and the Council a report containing an independent evaluation of the application of this Regulation.						
<b>Result indicator 2:</b> European Investment Advisory Hub (EIAH) – Utilisation of annual EIAH grants <b>Source of data:</b> EIB, EIAH quarterly/semi-annually technical reports and the annual report submitted to the Commission, Council and European Parliament (Article 6.2 of the FPA)						
<b>Baseline</b> (2015)	<b>Interim Milestone</b>					<b>Target</b> (2020 - Budgetary commitments for EIAH Specific Grant Agreements are done in accordance with the provisions of the Financial Regulations and in due time to consume the yearly appropriations)
	2016	2017	2018	2019	2020	
EUR 10.000.000	EUR 19.000.000	EUR 19.000.000	EUR 19.000.000	EUR 19.000.000	EUR 19.000.000	Annual commitments made by year end
<b>Planned evaluations:</b> As per the EIAH Framework Partnership Agreement, Article 6(3), within three years from entry into force of the EFSI Regulation (i.e. by June 2018), the EU shall conduct an independent mid-term evaluation of the functioning of EIAH.						
<b>Result indicator 3:</b> European Investment Project Portal (EIPP) – Number of projects published on the Portal <b>Source of data:</b> Commission (DG ECFIN), Web statistics						
<b>Baseline</b>	<b>Interim Milestones</b>				<b>Target:</b> (2017)	

<sup>4</sup> In case of short- or medium-term objectives (all targets are set to be achieved in less than 3 years) the milestones column should be deleted from the table.

(2016)	(2017-2020)						
Average number of projects published on the Portal in the first year : 1000	Reach a cruising speed for the number of projects submitted on the Portal (20 projects per month).	1000 projects on average in the database per year 20 projects added per month					
<b>Planned evaluations:</b> As per Preamble 32 of the EFSI Regulation, within three years from entry into force of the EFSI Regulation (by June 2018), the Commission shall submit an independent evaluation of the application of the EFSI Regulation.							
<b>Result indicator 4:</b> Providing a guarantee to the EIB for financing and investment operations covered by the EFSI Regulation (EU) 2015/1017							
<b>Source of data</b> Commission Financial Statements							
<b>Baseline</b> (2016)	<b>Interim Milestone</b> - Managing the assets of the EFSI Guarantee Fund in line with sound financial management aiming at protecting the capital while achieving a reasonable return - Timely payments of the calls under the EFSI Guarantee Fund						<b>Target</b> (2022 - Target agreed based on potential needs and in view of availabilities of funds under MFF)
	2017	2018	2019	2020	2021	2022	
Building up the fund with a total transfer of EUR 500 million in EFSI Guarantee Fund	Transfer of EUR 1800 million	Transfer of EUR 1600 million	Transfer of EUR 1750 million	Transfer of EUR 1750 million	Transfer of EUR 200 million	Transfer of EUR 400 million	Transfer of EUR 8 billion until 2022 building up the EFSI Guarantee Fund
<b>Planned evaluations:</b> - By 5 January 2017, the Commission shall evaluate the use of the EU guarantee and the functioning of the guarantee fund. The Commission shall submit its evaluation to the European Parliament and the Council. That evaluation shall be accompanied by an opinion of the Court of Auditors. - By 30 June 2018 and every three years thereafter, the Commission shall publish a comprehensive report on the use of the EU guarantee and the functioning of the guarantee fund.							

<b>Specific objective 4: Promoting prosperity beyond the EU</b>			
<b>Result indicator 1:</b> Implementation of the External Lending Mandate (ELM) of the EIB under Decision 446/2014/EU			
<b>Source of data:</b> EU Guarantee Fund for the External Action /EIB			
<b>Baseline</b> (2015)	<b>Interim Milestone</b>		<b>Target</b> - (2020 – as per decision 446/2014/EU)
	(2016)	(year)	
No baseline as it is the start of the mandate	Completion of the mid-term review of the ELM		EUR 27 billion in EIB financing (EUR 30 million if optional additional EUR 3 billion is approved in the mid-term review)
<b>Planned evaluations:</b> External evaluation in the context of the mid-term review of the External Lending Mandate of the EIB under Decision 446/2014/EU to be completed by end 2016			
<b>Result indicator 2:</b> Management and provisioning of the Guarantee Fund for the External Action, whose function is to cover the risk of loans and loan guarantees to third countries, timely management of the guarantee calls			
<b>Source of data :</b> ECFIN L5/EIB			
<b>Baseline</b>			<b>Target</b>

(2015)		(2016)
On 31 December 2014, net assets of the Fund amounted to EUR 2114,67 million. According to the appropriate provisioning to be done in N+2, a provisioning of EUR 257,12 million was inserted in the preliminary EU budget of 2016.		The amount of the Guarantee Fund needs to be kept within the target (currently 9%)
<p><b>Result indicator 3:</b> Countries benefiting from macro-financial assistance achieve a sustainable macro-economic situation with reduced Balance of Payments stress as measured in particular by foreign exchange reserves in months' imports of goods and services and coverage of short-term foreign debt.</p> <p><b>Source of data:</b> Central Banks, IMF</p>		
<b>Baseline</b>	<b>Interim Milestone</b>	<b>Target</b>
Beneficiary countries' international reserves position at the start of the programme	Amount of MFA disbursed to each beneficiary country Progress on reform conditionalities by beneficiary country	Maintain adequate level of foreign reserves broadly covering 3 months of imports and short-term foreign debt by the end of the programmes.
<p><b>Result indicator 4:</b> EU enlargement countries make progress in complying with the economic accession criteria, notably to become a functioning market economy and to be able to withstand competitive pressures within the EU, as measured by a defined set of sub-criteria to be assessed and evaluated on an annual basis in the context of the Commission's enlargement package (next in Autumn 2016).</p> <p><b>Source of data:</b> National Authorities, ESTAT, IFIs, International Surveys, other multiple data sources</p>		
<b>Baseline</b>	<b>Interim Milestone</b>	<b>Target</b>
Level of compliance as assessed in the 2015 country reports (Commission staff working documents), only Turkey is yet considered to be a functioning market economy	Progress with economic reforms conducive to reaching a higher level of compliance, compared with the baseline, with EU economic accession criteria	(No target year for EU accession.) Reaching full compliance with economic accession criteria, i.e. attaining the status of a functioning market economy and become able to withstand competitive pressures within the EU.
<p><b>Planned evaluations:</b> (title of the evaluation; year of completion; spending programme/policy covered). Evaluation of MFA operations in third countries (Ukraine, Jordan, Tunisia, Kyrgyzstan, Georgia) from 2016 onwards. Proposal for a more efficient external representation of our Economic and Monetary Union</p>		
<p><b>Result indicator 5:</b> Effective coordination and promotion of EU interests in the G7, G20, and IMF and in the governing bodies of the EIB Group and the EBRD, including preparation of common EU positions and cooperation with international partners to reach G20 growth ambition.</p> <p><b>Source of data:</b> ECFIN/D/3, ECFIN/L/1, National Authorities, ESTAT, EFC Secretariat</p>		
<b>Baseline</b> (2015)	<b>Interim Milestone</b> (2016)	<b>Target</b> (2020)
1a) Number of common EU positions coordinated by DG ECFIN on economic/financial issues dealt with in the G20: four EU Terms of Reference for G20 Ministerial meetings in 2015.	1a) Ensure effective coordination of EU positions by preparing EU Terms of Reference (ToR) for four G20 Ministerial meetings during the 2016 Chinese G20 Presidency.	1a) Ensure effective coordination of EU positions during the period 2016-2020 by coordinating EU Terms of Reference for every G20 Finance Ministerial meeting.
1b) G20 members have collectively reached around 0.8% of their 2% additional growth ambition as set out	1b) Take the lead to ensure the G20 takes a critical look at the implementation of the most	1b) Work constructively with G20 partners to collectively deliver the 2% additional growth ambition by 2018.

at the 2014 Brisbane Summit.	important areas of the G20 growth strategies.	
2) Number of common EU positions and statements in the IMF coordinated by ECFIN to advance the EU policy agenda: 15 common messages in 2015.	2) Produce a substantial number of common messages in 2016 on IMF policy, including governance and multilateral surveillance as well as country items.	2) Continue to successfully produce common messages on IMF policy, including governance and multilateral surveillance as well as country items during the period 2016-2020.
3) Number of EU policy positions coordinated (also through EFC) in the G20 Investment and Infrastructure Working Group, and in the governing bodies of the EIB Group and EBRD. Baseline 2015: 4 (China in EBRD, EU Member States in Asian Infrastructure Investment Bank, Egypt in EBRD, Multilateral Development Banks (MDB) optimization)	3) Interim milestone end 2016: 3-5.	3) Target 2020: in total about 20 (on average 4 per year)

<b>General objective: A deeper and fairer EMU</b>		
<b>Impact indicator 1:</b> Dispersion of GDP per capita (Euro area MSs) <b>Source of the data:</b> Eurostat		
<b>Baseline</b> (2014)	<b>Target</b> (2020)	
54.3%	Reduce	
<b>Specific objective 5: Improving the efficient functioning of the Economic and Monetary Union</b>		
<b>Result indicator 1:</b> Dispersion of labour productivity per person (ratio of top 5 MS to bottom 5 MS) A goal of EMU deepening is upward convergence in terms of competitiveness. This ought to be observable in a reduction of the dispersion of productivity <b>Source of data:</b> Eurostat (code tesem160)		
<b>Baseline</b> (2014)	<b>Interim Milestone</b> (2017)	<b>Target</b> (2020)
1.79	1.64	1.49
<b>Result indicator 2: People at risk of poverty or social exclusion</b> A goal of EMU deepening is a fairer EMU through a stronger focus on employment and social performance. This ought to be observable through, amongst other measures, a reduction of the number of people at risk of poverty or social exclusion. In order to be consistent with the Commission's impact indicator in this respect, it is proposed to use the Europe 2020 headline target, which covers the EU and not only the EA. <b>Source of data:</b> Eurostat (code t2020_50)		
<b>Baseline</b> (2014)	<b>Target</b> (2020)	
121.6 million people	96.6 million people	

<b>Result indicator 3:</b> Composite Indicator of Sovereign Stress (SovCISS) Euro area, correlation and real GDP-country weights				
The composite indicator should remain under a value of 0.1 throughout the period covered by the strategic plan.				
<b>Baseline</b> (2014)		<b>Target</b> (2020)		
>0.1		>0.1		
<b>Result indicator 4:</b> Degree of compliance with convergence criteria				
<b>Source of data:</b> Commission convergence assessments, based on Eurostat criteria				
<b>Baseline</b> (2014)	<b>Interim Milestone</b> (please add as many columns as the number of defined milestones)			<b>Target</b> (no target year for new euro enlargements)
	(2016)	(2018)	(2020)	
State of convergence as assessed in the 2014 Convergence Report (CR)	2016 CR	2018 CR	2020 CR	Progress in pre-in MS towards fulfilling the criteria for euro adoption
<b>Result indicator 5:</b> Number of counterfeit notes and coins detected				
<b>Source of data:</b> ECB and European Technical Scientific Centre (ETSC)				
The policy with regard to anti-counterfeiting is based on four pillars: prevention, repression, training and cooperation. The EU legislation prevents the euro from being counterfeited through a system of information collection, designated national authorities for analysis, national central offices to coordinate investigations and through authentication measures applied by credit institutions and other cash handlers.				
DG ECFIN's European Technical and Scientific Centre provides the national authorities with technical assistance, training and classifies new types of counterfeit coins. The 'Pericles 2020' Programme provides funds for staff exchanges, seminars, trainings and studies for law enforcement and judicial authorities, banks and others involved in preventing and combatting euro-counterfeiting. DGEFIN works closely together with the European Central Bank (ECB) and Europol in achieving this mission. The Counterfeit Coin Experts Group and the Euro Counterfeiting Experts Group seek to foster multidisciplinary and multilateral cooperation by bringing together experts from various disciplines from EU countries, the ECB, Europol and Interpol.				
<b>Planned evaluations:</b> Mid-term evaluation of the Pericles 2020 programme (end of 2016)				

## D. Key performance indicators (KPIs)

Among the impact indicators for the specific objectives, DG ECFIN has identified the following key performance indicators:

- Under Specific Objective 1 promoting growth and employment-enhancing policies in the euro area and the EU - **Result Indicator 1 Percentage of CSRs partially or fully complied with**
- Under Specific Objective 3 promoting investment in the EU - **Result Indicator 3 European Fund for Strategic Investments (EFSI) - Total investment**
- Under Specific Objective 4 improving the efficient functioning of the Economic and Monetary Union - **Result Indicator 1 Completion of stage 1 of Five President's report by 2017 and progress towards completing stage 2 by 2020**

## PART 2. Organisational management

### A. Human Resource Management

DG ECFIN will run its career development programme for AD women on an annual basis with a view to increasing the pool of female colleagues available for pre-management positions and ultimately supporting a greater number of women into middle management positions, to reach the established target for 2019 and create a better balance among ECFIN's management team.

DG ECFIN will continue to promote well-being and a healthy work-private life balance, through targeted workshops and training courses as well as in-house physical activities over lunchtime or in the evening and regular social events. The Commission fit@work programme for 2015-2019, replacing the 2006-2009 wellbeing programme, will provide a framework to further extend initiatives related to physical health, mental health and the integration of staff and their families.

DG ECFIN will address staff engagement issues by extending initiatives in the field of career development and learning, continuing to support managers in their own development and enhancing the feedback culture within the DG.

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

**Indicator 1: Percentage of female representation in middle management**

**Source of data:** DG HR

Baseline (2015)	Target
Women as a percentage of HoU workforce: 28,2 % (situation at 01/01/2016)	35% by 2019 as indicated in the targets set for each Directorate-General in the Commission decision SEC(2015)336

**Indicator 2: Percentage of staff who feel that the Commission cares about their well-being<sup>5</sup>**

**Source of data:** DG HR - Commission staff survey

Baseline (2014)	Target
Only 38% of ECFIN staff believe that the Commission cares about their well-being (compared to 46% in 2013), but the ECFIN result is higher than the Commission average	50% by 2019 as determined by DG ECFIN

<sup>5</sup> This indicator may be replaced by a fit@work index on which DG HR is currently working.



<b>Indicator 3: Staff engagement index</b>	
<b>Source of data:</b> DG HR - Commission staff survey	
Baseline (2014)	Target
The staff engagement index decreased from 71% in 2013 to 66% in 2014 and is slightly higher than Commission staff engagement index (65%)	70 % by 2019 as determined by DG ECFIN

## B. Financial Management: Internal control and Risk management

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

**Objective 1 (mandatory):** Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions

**Indicator 1 (mandatory):** Estimated residual error rate<sup>6</sup>

Where necessary specific residual error rates would be calculated for each programme managed or for expenditure with a common risk profile.

**Source of data:** AAR 2014

Baseline (2014)	Target
Below 2% in all substantial segments of DG ECFIN expenditure	Between 0% and 2% according to the type of transaction and the management mode

**Indicator 2 (mandatory):** Estimated overall amount at risk for the year for the entire budget under the DGs responsibility.

**Source of data:** AAR 2014

Baseline (2014)	Target
0.1 – 3.2 in M€	None

**Indicator 3 (mandatory):** Estimated future corrections

**Source of data:** AAR 2014

Baseline (2009-2014)	Target
EUR 0	None

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

**Indicator 1 (mandatory):** conclusion reached on cost effectiveness of controls

**Source of data:** AAR 2014

Baseline (2014)	Target
Yes	Yes

**Indicator 2:** Cost ratio's per control system

**Source of data:** AAR 2014

<sup>6</sup> For the definition, see the first annex to the AAR instructions 2014 "Key definitions for determining amounts at risk" at <https://myintracomm.ec.europa.eu/budgweb/EN/rep/aar/Documents/aar-standing-instructions.pdf>.

Baseline (2014)	Target	
Direct management: 10% Non-expenditure Items: 130€ per 1M€ Financial instruments: 1000€ per 1M€ Guarantee Fund: 225€ per 1M€	Identical to or lower than baseline each year	
<b>Objective 3 (mandatory): Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.</b>		
<b>Indicator 1 (mandatory): Updated anti-fraud strategy of DG ECFIN, elaborated on the basis of the methodology provided by OLAF<sup>7</sup></b>		
<b>Source of data:</b>		
Baseline (2014)	Interim Milestone	Target
ECFIN AFS adopted in January 2014	Update for June 2016	Update of the AFS every 2-3 years, as set out in the current version

## C. Better Regulation

DG ECFIN is committed to ensuring EU policy objectives are achieved effectively and efficiently. The principles of Better Regulation are applied across all areas of the DG. Elements of Better Regulation that relate to evaluation are overseen by the ECFIN Evaluation Function. This is in line with the Commission's evaluation standards. The standards require each DG to have an evaluation function responsible for co-ordinating and monitoring evaluation activities, promoting quality of evaluation and organisational learning and assisting the central services in the implementation of the Commission's evaluation policy. ECFIN evaluations follow the requirements of Directives and Regulations in place. In addition, the ECFIN multi-annual evaluation plan is prepared in line with the DG's strategic objectives and priorities to ensure activities are regularly evaluated.

**Objective (mandatory): Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently.**

**Indicator 1 (mandatory): Percentage of Impact assessments submitted by DG ECFIN to the Regulatory Scrutiny Board that received a favourable opinion on first submission.**

***Explanation:** The opinion of the RSB will take into account the better regulation practices followed for new policy initiatives. Gradual improvement of the percentage of positive opinions on first submission is an indicator of progress made by the DG in applying better regulation practices.*

**Source of data:**

Baseline 2015	Interim Milestone 2016	Target 2020
n/a as Ecfin hasnot submitted any IA to the RSB	Positive trend compared to DG's 2014 situation.	Positive trend compared to DG's 2016 situation.
<b>Indicator 2 (mandatory): Percentage of the DG's primary regulatory acquis covered by retrospective evaluation findings and Fitness Checks not older than five years.</b>		
<b>Source of data:</b>		
Baseline 2015	Interim Milestone 2016	Target 2020
71%	Positive trend compared to baseline.	Positive trend compared to interim milestone

<sup>7</sup>The methodology can be found on the FPDNet website: <https://myintracomm.ec.europa.eu/serv/en/fraud-prevention/ToolBox/Documents/Methodology%20and%20guidance%20for%20DGs%20anti-fraud%20strategies.pdf>. In particular paragraph 3 of the methodology is relevant.

## D. Information management aspects

ECFIN will continue to seek improvement in the area of document management and may address future opportunities in the area of information, knowledge and data management (together with other services).

ECFIN improved its overall performance compared to previous years. In particular, the number of unfiled documents was reduced by 32% in 2015. It currently consists of approximately 1000 documents of all documents registered. In 2016, the number will need to be further reduced to 0.5%. Moreover, the proportion of registered emails accounts for 41% of all documents in the main document management system (ARES).

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

<b>Objective (mandatory): Information and knowledge in your DG is shared and reusable by other DGs.</b>		
<b>Important documents are registered, filed and retrievable</b>		
<b>Indicator 1 (mandatory – data to be provided by DG DIGIT): Percentage of registered documents that are not filed<sup>8</sup> (ratio)</b>		
<b>Source of data: Hermes-Ares-Nomcom (HAN)<sup>9</sup> statistics</b>		
Baseline 2015		Target
1,94%		<0,5%%
<b>Indicator 2 (mandatory - data to be provided by DG DIGIT): Percentage of HAN files readable/accessible by all units in the DG</b>		
<b>Source of data: HAN statistics</b>		
Baseline 2015		Target
83,65%		≥70%
<b>Indicator 3 (mandatory data to be provided by DG DIGIT): Percentage of HAN files shared with other DGs</b>		
<b>Source of data: HAN statistics</b>		
Baseline 2015		Target
0,09%		5-10%

## E. External communication activities

On the basis of DG ECFIN's communication strategy 2015-20, external communication will be used pro-actively to support the communication to key stakeholders and the public of DG ECFIN's contribution to the achievement of the political priorities of the Juncker Commission, in particular priority 1 on jobs, growth and investment, and priority 5 on a deeper and fairer EMU. To do so, DG ECFIN will integrate communication firmly into policy development and use a full range of communication tools (press materials, web and social media content including video and infographics, publications and a stakeholder outreach programme). To underpin the communication of the Commission's economic policies, DG ECFIN will plan ahead and coordinate its communication

<sup>8</sup> Each registered document must be filed in at least one official file of the *Chef de file*, as required by the [e-Domec policy rules](#) (and by ICS 11 requirements). The indicator is to be measured via reporting tools available in Ares.

<sup>9</sup> Suite of tools designed to implement the [e-Domec policy rules](#).

activities on key policy milestones closely with the SPP, cabinet communication adviser, DG COMM, SG and other concerned services, as well as with the European Semester Officers (ESO) network.

In line with the above and its mission statement, DG ECFIN will work with others in a collaborative and project oriented way to communicate in a holistic, consistent and comprehensive manner to:

- Inform and explain how the economic policies of the Commission are helping to exit the crisis, by contributing to achieving a high level of employment, sustainable growth and investment, stable public finances and financial stability; shaping the economic policy debate at the EU level; and influencing policy-making at the EU and national level in line with policies developed by the DG, in particular by means of active engagement with key stakeholders;
- Ensure that the public policy debate is well-informed through the provision of clear, objective and accurate information to DG ECFIN's stakeholders and, where relevant, to the general public;
- Achieve these objectives by enhancing DG ECFIN's reputation as an authoritative and credible source of economic policy proposals based on high-quality research and analysis by means of the efficient dissemination, clear explanation and open discussion of its work.

DG ECFIN's strategic priorities are to raise the profile of the euro area dimension, explain the benefits of a well-functioning Economic and Monetary Union and the steps needed to complete it, contribute to the effective communication of the Commission's economic policy recommendations in a revamped European Semester, explain the need for and benefits of structural reforms and support and complement DG COMM's efforts to highlight the benefits of the Investment Plan for jobs and growth.

DG ECFIN's communication activities reach out to a wide range of key economic policy stakeholders and multipliers to exchange views as well as promote and shape thorough debate. Where appropriate, DG ECFIN also reaches out to the public, through accessible audiovisual and infographic content for the web and social media. This is supported by a high-quality analytical publication programme to explain the economic analysis underpinning the economic policy proposals of the Commission and enhance the Commission's reputation as an authoritative source of economic policy proposals.

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

**Indicator 1 (mandatory – provided in a ready-to-use form by DG COMM):** Percentage of EU citizens having a positive image of the EU  
*Every DG should aim to contribute to it and, considering its area of work, explain how it aims at enhancing the positive image of the EU.*

*Definition:* Eurobarometer measures the state of public opinion in the EU Member States. This global indicator is influenced by many factors, including the work of other EU institutions and national governments, as well as political and economic factors, not just the communication actions of the Commission. It is relevant as a proxy for the overall perception of the EU citizens. Positive visibility for the EU is the desirable corporate outcome of Commission communication, even if individual DGs' actions may only make a small contribution.

**Source of data:** Standard Eurobarometer (DG COMM budget) [*monitored by DG COMM [here](#)*].

Baseline: November 2014	Target: 2020
Total "Positive": 39% Neutral: 37 % Total "Negative": 22%	Positive image of the EU ≥ 50%

## GLOSSARY

AAR	Annual Activity Report
AFS	Anti Fraud Strategy
AMR	Alert Mecanism Report
BoPs	Balance of Payments
CB	Competition Board
CNAC	Coin National Analysis Centre
COMM	Communication
CSRs	Country Specific Recommendations
DEVCO	International Cooperation and Development
DG	Directorate General
EA	Euro Area
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
ECFIN	Economic and Financial Affairs
ECHO	Humanitarian Aid and Civil Protection
EDP	Excessive Deficit Procedure
EEAS	European External Action Service
EFC	Economic and Financial Committee
EFSI	European Fund for Strategic Investments
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EIF	European Investment Fund
EIPP	European Investment Project Portal
ELM	External Lending mandate
EMU	Economic and Monetary Union
ENP	European Neighbourhood Policy
EPC	Economic Policy Committee
ERP	Economic Reform Programme
ESM	European Stability Mechanism
ESO	European Semester Officer
ETSC	European Technical Scientific Centre
EU	European Union
EWG	Eurogroup Working Group
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
IDR	In Depth Review
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPE	Investment Plan for Europe
MDB	Multilateral Development Banks
MFA	Macro-Financial Assistance
MFF	Multi-Annual Financial Framework
MS	Member States
NCJ	Non-Compliant Jurisdiction
NEAR	Neighbourhood and Enlargement negotiations
NIIP	Net International Investment Positions
PBI	Project Bond Initiative
PEFA	Public Expenditure and Financial Accountability
PPPs	Public Private Partnerships
RSB	Regulatory Scrutiny Board
SCP	Stability and Convergence Programme
SGP	Stability and Growth Pact
SME	Small and Medium Enterprises
SMEW	Small and Medium Enterprise Window
SWD	Staff Working Document
TFEU	Treaty on the Functioning of the European Union
ToR	Terms of Reference
WB	World Bank