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**Economic
and Financial Affairs**

DIRECTORATE • GENERAL

DG Economic and Financial Affairs

2012

Management Plan

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1. Mission statement

The mission of the Directorate-General for Economic and Financial Affairs is to contribute to raising the economic welfare of the citizens in the European Union and beyond, notably by developing and promoting policies that ensure sustainable economic growth, a high level of employment, stable public finances and financial stability. At the present juncture of unprecedented risks and challenges to financial and economic stability in the EU and the euro area, this means working to contain and overcome the sovereign debt crisis in individual countries, to prevent financial contagion across the euro area and beyond, and to ensure that the European economy continues to recover strongly from the deep economic and financial crisis. It also means taking the necessary steps to prevent or deal more effectively with future crises. We do this by using the existing mechanisms for providing financial assistance under tight conditionality where needed and by helping to find the right policy-mix for overcoming the economic and financial crisis and for the EU economy to significantly reduce unemployment and to attain a sustainable growth and convergence in living standards in a stable financial and social environment. We do this also by contributing to shaping and making operational a more effective and comprehensive framework for economic governance of the EU and in particular the euro area and of mechanisms for economic policy co-ordination and country surveillance that take account of lessons learned in the context of the financial and economic crisis that unfolded since 2008.

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We are pursuing this mission in a mutating crisis environment where financial sector stability, economic prospects, and sovereign debt sustainability are closely intertwined. In this context, our core operational objectives are:

- to propose and promote significant changes to the framework for economic governance that are necessary to ensure effective crisis management to quell the current sovereign debt crisis, to ensure for the future a smooth functioning of the EU's Economic and Monetary Union in good times to prevent future crises, and to have in place the arrangements needed for more effective crisis management and resolution, should such an event reoccur;
- to design and monitor closely economic adjustment programmes in EU and EMU Member States where financial assistance is being deployed through existing mechanisms to support Member States and the stability of the euro;
- to contribute to the resolution of the current and potential future financial crisis through assisting in making the European Stability Mechanism, the European Union's permanent financial assistance and crisis resolution mechanism operational, in coordination with the ECB and the IMF;
- to ensure that the lessons from the financial and economic crisis that began in 2008 are drawn in terms of surveillance instruments that identify economic and financial challenges at an early stage, to effectively deal with and mitigate risks, and to make the EU economy more resilient to unforeseen external shocks. In this context, we support the efforts to safeguard financial stability by operating an effective system of macro-prudential supervision;
- to support economic prosperity, growth and stability not only within the EU but also at the international level by shaping global economic governance and EU international economic relations with a view to advancing EU interests and putting in place an efficient and robust policy framework conducive to a sustainable and balanced growth of the global economy, supported by an efficient and stable international monetary and financial system;
- to promote economic and financial efficiency in the design of other EU policies and in the functioning of a broad range of markets, with a particular attention to addressing innovation, growth and global challenges such as climate change and the ageing of our societies.

Our Directorate-General aims at implementing a broad-based and integrated approach to economic surveillance in its structural, fiscal and macro-financial dimensions, as a basis for timely policy assessment and policy advice.

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

In shaping consistent economic policies at EU level, we base ourselves on the rules provided for in the Treaty on the Functioning of the European Union or in relevant secondary legislation, notably the Stability and Growth Pact/ Excessive Deficit Procedure and the as strengthened in 2011, the Excessive Imbalances Procedure as well as the Europe 2020 Strategy and the Integrated Guidelines. Our country surveillance is based on the European Semester approach, which combines ex ante policy guidance to Member States with policy analysis and recommendations that are integrated across fiscal, macro-financial, and macro-structural policies and reflects lessons learned from the crisis that unfolded in 2008.

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

Our Directorate-General maintains close working relations with the European Investment Bank (EIB) Group, including the European Investment Fund (EIF), and the European Bank for Reconstruction and Development (EBRD) (representing the EU in their Governance), but also with the World Bank Group and other multilateral development banks, with a view to promoting EU priorities and common positions and ensuring appropriate coordination of the Commission's financial cooperation with these institutions. We coordinate the Commission's position on strategic issues and individual projects of the EIB, EIF and EBRD in the context of our representation of their governing bodies and the Commission's prerogatives according to Article 19 of the EIB Statute.

We design and implement large-scale macro-financial assistance programmes (often in cooperation with the IMF and the World Bank) to support Member States and partner countries facing severe financial or balance of payments difficulties. We also design and implement, in close cooperation with the EIB, EIF and EBRD, EU-driven investment financing programmes and undertake financial assistance programmes and financial market operations, also on behalf of other Commission Services.

2. This year's challenges

Reining in the crisis and mobilising all sources of growth and employment

The European Union will need to pursue a bold and comprehensive five-point strategy of economic and financial policies in 2012 and beyond, comprising 1) decisive action on Greece, 2) strong financial backstops, 3) a fully coordinated approach to strengthening Europe's banks, 4) speeding up stability and growth-enhancing policies, and 5) building robust and integrated economic governance for the future.

In order to achieve the desired positive effects on confidence, policy design and implementation must be credible. Policy makers across the European Union will need to implement this strategy with a steady hand over the long haul. They will need to project the determination and capacity to carry through major reforms that will bolster stability and growth potential. Confidence is fundamental at the current juncture, as recent developments have increased the risk of a negative feedback loop between sovereign debt, the financial sector, and economic growth and competitiveness, which, in the absence of forceful action, could undermine stability in the near term and potential growth and employment over the medium and long term.

A comprehensive and credible fiscal exit strategy is without alternative for addressing the root causes of the sovereign debt crisis in the euro area. The consolidation begun in 2011 will have to continue through 2012 and beyond in the framework of the Stability and Growth Pact which was strengthened by the economic governance legislation adopted in 2011. However, fiscal consolidation must be as growth-friendly as possible. In order to ensure that it will be important to differentiate between those Member States under adjustment programmes or under market pressure which have no room for manoeuvre and those with fiscal space. Growth-friendly consolidation of public finances will also require an improvement in their quality and the reorientation of public expenditure, at national and EU level, to areas with a positive impact on potential output. This will be crucial for freeing up and mobilising resources for the objectives of the Europe 2020 strategy.

A co-ordinated increase in banks' capital bases is needed to restore confidence in the sector, as increased concerns over the sustainability of public debt are weighing on banks' balance sheets with negative effects on the banking sector's role of financing the real economy. A swift repair of the financial sector and the implementation of a robust framework for promoting macro-financial stability in the EU are important conditions for ensuring sustainable economic growth. Equally important are the improvement of adjustment capacity, notably with a view to reducing imbalances within the euro area, and paving the way for its gradual and rules-based enlargement.

Confidence in the EU's ability to restore competitiveness and grow out of the crisis is essential at the current juncture. This is particularly challenging as persisting adjustment needs, deleveraging by private households, the need for fiscal consolidation, and the impact of the crisis on potential growth and structural unemployment all combine to depress growth prospects. Member States' actions in 2012 and beyond will be critical in averting a "lost-decade" scenario. Frontloading growth-enhancing structural reforms will be important to restore confidence in the EU's commitment to reform and to enhancing growth potential. There is a pressing need to strengthen economic activity and job creation. In order to bolster economic growth and competitiveness, we need to implement the EU's growth strategy (Europe 2020) in a coordinated fashion to enable a strong recovery from the economic, financial and sovereign debt crises, and to create conditions for sustainable, smart, and inclusive growth that provide us and future generations with a high degree of employment and productivity. Delivering a deeper and more integrated surveillance of developments in Member States will be a pre-condition for addressing the relevant policy issues effectively. The European Semester approach to country surveillance in combination with the legislation on strengthening economic governance adopted in 2011 provides a strong framework within which we can deliver the comprehensive and well sequenced exit strategy that combines financial sector repair with growth-friendly fiscal consolidation and key structural reforms that enhance potential output, facilitate the unwinding of imbalances, and address the EU's long-term challenges.

We will closely monitor the policies of countries under adjustment programmes or under market

pressure. They must implement agreed reforms forcefully to restore their economies' competitiveness and to return to sustainable public finances, stronger growth and employment. A decisive response to the problems of Greece through an effective second adjustment programme, the success of the economic adjustment programmes with Portugal and Ireland, and tackling crises in other euro area Member States is essential to the stability of the euro area. We will contribute to positive outcomes through regular programme reviews and monitoring under the framework created in 2010. To deliver on this, we have strengthened further our capacity to design, implement, and monitor economic and financial adjustment programmes in EU and euro area Member States which may need to draw on financial assistance from the relevant mechanisms (European Financial Stabilisation Mechanism, European Financial Stability Facility, Balance of Payments assistance). We will contribute to ensuring that the existing financial backstops are fully operational to fulfil their function in crisis management and that the permanent European Stability Mechanism will be operational when it succeeds the EFSF. Also, making the decision-making process of our Macro-Financial Assistance instrument for third countries more efficient through the adoption of the relevant Framework Regulation will strengthen its effectiveness in bringing macroeconomic stability and fostering growth-enhancing economic reforms in the EU neighbourhood, thus contributing to overall macroeconomic and financial stability in the EU.

The sovereign debt crisis in individual countries and the lingering risks to the stability of the euro have underlined the interdependence and exposed the vulnerability of Member States' economies in particular in the euro area. In view of this, we will immediately implement and apply the legislation on stronger economic governance that came into force at the end of 2011 as part of the 2012 European Semester. In November 2011 the Commission has proposed additional legislative proposals on enhancing the surveillance of euro area Member States with severe financial disturbances, linking surveillance under EFSF and EFSM to regular surveillance mechanisms and on allowing for close monitoring of national budgetary policies for euro area Member States in excessive deficit procedure. We will aim to facilitate the rapid adoption of this proposal by co-legislators. If adopted, the legislation would lend considerable additional strength and credibility to the effectiveness of economic and budgetary surveillance in the euro area. We will also follow up on the debate that was triggered by the Green Paper we presented also in November 2011 on options for the common issuance of bonds in the euro area ("Stability Bonds"). We will contribute to the work to strengthen the economic governance and the capacity for crisis management in the euro area building on the interim report presented by the President of the European Council, the President of the Commission, the President of the Euro Group in December 2011.

The Commission's Budget for Europe 2020 has set out ways to spend more intelligently and using the budget to leverage investment in strategic areas with EU added value. DG ECFIN has been instrumental in the design of new financial instruments in the current Multi-Annual Financial Framework (MFF) for specific policy purposes. In order to scale up the use of such instruments in the next MFF, we have to ensure that their design is streamlined and harmonised in order to be manageable on a larger scale and be applicable across policies. We have made a proposal for a new framework for innovative financial instruments and launched the pilot phase of the EU Project Bonds Initiative. Lessons from the pilot phase will serve to optimise the design of the instrument for the post-2013 period.

The EU's role in international economic relations needs to be strengthened further. The EU has a key role to play at the international level, through its various external instruments and through its contribution to policy coordination and multilateral surveillance. At the same time, the European Union and the euro area in particular will need to be more prominent and visible in the emerging new system of global economic governance where the G20 plays an increasingly central role. It will therefore be particularly important that, as a matter of principle and besides matters involving an important Community dimension, the euro area and the EU as a whole speak with a single voice at the international level. While in the longer term the solution should lie in a unified representation of euro area Member States as provided for by the Treaty, it is of the utmost importance to exploit the benefits of the existing significantly strengthened coordination mechanism more fully. Going forward, instead of focusing on internal procedures, it is more urgent to focus on substance in the effectiveness relevant international fora and institutions.

Following the appointment of Commissioner Rehn to Vice-President also an amendment was made to Article 23 of the Commission's Rules of Procedure requiring the mandatory prior consultation of DG ECFIN for any Commission initiative furthering, or having potential impacts on, growth, competitiveness or economic stability in the EU or the euro area. The scope of such initiatives is potentially vast,

implying that ECFIN will be consulted on a very large share of the CWP. This amendment will have implications for the degree of involvement at inter-service level. A significant impact on the DG is expected with the number of files to review, respectively in inter-service consultation and in College adoption procedure. Obviously, this new role will require additional resources.

We are committed to pursuing the objectives and actions contained in this plan, given the resources and risks, and we will monitor progress throughout the year.

Marco Buti
Director General

3. General objectives with a multi-annual perspective

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

The steps to be taken to achieve this objective are:

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

Objective: To foster EU growth, employment creation and sustainable development		
Impact Indicator	Latest known result	Target (impact)
Degree to which Member states record budgetary outturns in line with the Stability and Growth Pact	The aggregated budgetary position of the 27 EU Member States in 2011 is the following: <ul style="list-style-type: none"> • a headline deficit of 4.7% of GDP • a structural deficit, i.e. cyclically-adjusted primary deficit net of one-offs and temporary measures, of 4¼% of GDP. 	The preventive arm of the Stability and Growth Pact is oriented towards attainment by Member States of their medium-term objectives of budgetary positions close to balance or in surplus, which should allow them to deal with normal cyclical fluctuations

	<p>In 2011, government finances improved by almost 2 pp. of GDP compared to 2010, after a ½ pp. improvement in 2010 compared with 2009. For 2012, a further improvement of the headline balance by close to 1 pp. of GDP is forecast. The structural balance is also expected to improve by around 1 pp. of GDP in 2011.</p>	<p>while keeping the government deficit below the reference value of 3% of GDP.</p> <p>However, in the current special circumstances with most Member States in EDP (the corrective arm of the Stability and Growth Pact) due to deficits significantly above the Treaty reference value, an important intermediate target is to correct the excessive deficit.</p>
<p>Potential growth/output</p>	<p>Five years after the collapse of the US sub-prime mortgage market, the shock of the global crisis still casts its shadow over the EU economy. Against the background of high level of public and private debt in some Member States, it will take time for the EU economies to work through the inevitable fiscal, financial and economic adjustment, thus muting the prospects for employment, consumption and investment over the forecast horizon.</p> <p>In autumn 2011, as a result of increased domestic uncertainty and external weakness, GDP in the EU is projected to stagnate towards the end of the year before recovering very gradually. Based on the assumption that policy measures to combat the sovereign-debt crisis and restore confidence will gradually prove effective, GDP growth is expected to gradually improve in the second half of the 2012, and to gain modest momentum in 2013.</p> <p>Developments across Member States remain uneven, however, reflecting differences in the scales of adjustment challenges across economies and ongoing rebalancing within the EU and euro area. In particular employment differences are high, with Member States' unemployment figures ranging from less than 5 percent to more than 20% in 2012. Bearing in mind that it is intrinsically difficult to distinguish cyclical from longer-term developments, estimates based on the Commission's 2011 Autumn forecast show potential growth recovering to around 1 1/4% by 2012.</p>	<ul style="list-style-type: none"> • Increase in potential output growth. • Prevent recurrence of the negative potential growth trend by promoting the implementation of growth-enhancing measures.

3.2. Objective "To promote prosperity beyond the EU"

The major areas of DG ECFIN activity relate to:

1. Furthering the enlargement process of the EU by
 - assessing candidate and potential candidate countries' economies including their compliance with the economic accession criteria defined by the Copenhagen European Council;
 - preparing pre-accession countries for future participation in EMU upon accession by the means of the annual economic and fiscal surveillance procedure;
 - strengthening the pre-accession and Stabilisation and Association process in the candidate and potential candidate countries by providing economic and financial analysis and policy advice, by holding regular economic dialogues, and by preparing bi-annual economic forecasts.
2. Fostering the implementation of the EU Neighbourhood Policy and specific policy initiatives towards the neighbour regions (Eastern Partnership, Union for the Mediterranean) by deepening economic analysis and strengthening policy dialogue and advice on the economic aspects of the Action Plans.

3. Developing, monitoring and implementing macro-financial assistance for partner third countries, in co-operation with the relevant international financial institutions.
4. Developing the EU's economic policy regarding third countries, notably by:
 - providing economic monitoring and analysis and policy advice as well as conducting economic dialogue with G20 non EU countries as well as other EFTA, Latin America, Gulf Co-operation Council, Asian and African major partners.
 - providing economic analysis and policy advice on EU development policies in favour of third countries in order to meet the Millennium Development Goals and contributing to the implementation of debt reduction initiatives.
5. Strengthening the external representation of the EU, in particular of the Commission in line with the TFEU, in international economic and financial institutions and fora and ++preparing common positions on issues related to the international monetary system, global surveillance, debt strategy and development and other global issues.
6. Strengthening co-operation in the external field with the EBRD, the EIB, other IFIs and MDBs by actively participating in the governing bodies of the two former while fostering overall EU coordination. Improving the delivery of aid and support to the external world from IFIs and MDBs in support of EU policies, including through joint instruments. Providing coordination and support to the EBRD in its efforts to further transition in its countries of operation.

Objective: To promote prosperity beyond the EU		
Impact Indicator	Latest known result	Target (impact)
Progress in countries' compliance with the economic Copenhagen criteria for accession	<p>Compliance with criterion of "being a functioning market economy": Croatia and Turkey, as well as Iceland, meet the criterion, other pre-accession countries do not yet comply.</p> <p>Compliance with the criterion of "being able to withstand competitive pressure and market forces within the EU": to be complied with by Croatia by the date of accession (expected mid-2013).</p>	Full compliance.
Countries benefiting from macro-financial assistance achieve a sustainable macro-economic situation.	<p>The global financial crisis has continued to challenge the economic stabilisation and external and internal sustainability in a number of countries. Several new operations had thus to be prepared in 2011: Egypt (the operation was not launched, however) and Kyrgyzstan.</p> <p>A number of other countries with a vulnerable balance of payments position and financing arrangements with the IMF may require EU MFA support in 2012.</p>	Benefiting countries have seen an increase in their official exchange reserves.

4. Operational activities

Activity "Economic and Monetary Union"

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

- Coordination of economic policy-making between Member States
- Coordination of fiscal policies, notably through limits on government debt and deficit
- An independent monetary policy run by the European Central Bank (ECB)
- The single currency and the euro area

The benefits of the euro during its first decade of existence were tangible and real for everybody:

- Inflation has been around 2% on average.
- Almost 16 million jobs have been created between 1999 and 2008. The economic crisis a decade later has taken its toll on employment, but this does not change the fundamental job creating effect.
- Long-term interest rates fell to less than 4%, half the level of the 90s.
- There is no need anymore to exchange currencies which facilitates holidaying and shopping throughout the euro area.
- Stable exchange rates helped boost trade among euro area countries.

Although less visible for the citizen, other benefits are equally significant and real:

- Before the crisis, public budget deficits had fallen to a record low of 0.6% of GDP on average in the euro area in 2007 compared with around 4% of GDP in the 80s and 90s.
- Although the potential of the single market is not yet fully exploited, European markets are better integrated including in the financial area, which for consumers means cheaper products and services.
- This rising international role of the euro, second only to the US dollar has provided a shield against turbulences in the global economy. This is true also for the financial crisis that arose in 2008.

The shock inflicted by the worst global economic and financial crisis in post-war history is a serious test for EMU. While the euro has provided important protection for Member States and acted as an anchor of stability for the euro area during the early stages of the crisis, the impact of the crisis revealed serious underlying vulnerabilities owed to large macroeconomic imbalances, in particular severe financial-sector problems, and insufficiently ambitious fiscal and structural policies in the past, both within the euro area and in non-euro-area Member States. While the challenges and vulnerabilities of the euro area functioning were known and notably described in the EMU@10 report, the crisis has brought to the fore these challenges and has amplified the urgency to tackle them, notably by broadening and deepening economic surveillance as the roots of the crisis were not fiscal. It has also made it necessary to create a framework for providing financial support to Member States of the euro area. The crisis is leaving a heavy legacy for the economy in terms of unemployment, unsustainable public debt, and risks to the outlook for longer-term potential growth and large macroeconomic imbalances. The Commission has made economic governance in the Economic and Monetary Union more effective through the legislative proposals of September 2010 which entered into force by end-2011 and which strengthen incentives and widen the scope of surveillance to include macroeconomic imbalances and financial sector issues. The legislation will strengthen the effectiveness of the European Semester approach which entails surveillance that is integrated across budgetary, macro-financial, and structural policies and which is conducted ex ante, i.e. before Member States have adopted their budgets. The Commission's proposals for a regulation on linking surveillance under EFSF and EFSM with regular surveillance mechanisms in the euro area and on deeper fiscal surveillance for euro area countries in excessive deficit procedure are part of a broad effort to make euro area governance

substantially more robust and integrated. We will contribute to the work to strengthen the economic governance and the capacity for crisis management in the euro area building on the interim report presented by the President of the European Council, the President of the Commission, the President of the Euro Group in December 2011.

1. Objective "To ensure effective policy co-ordination and overall policy consistency in developing an EU response to the economic crisis, in the context of achieving the Europe 2020 objectives and sustainable development and in order to raise the growth potential of Member States and make the EU more competitive"		
Directorate(s) responsible for the implementation of this objective: Dir A "Policy strategy, co-ordination and communication" Dir B "Structural reforms and competitiveness"		
Result indicators	Latest known result	Target (result)
<p>Implementation of surveillance on macroeconomic imbalances under the Excessive Imbalances Procedure as part of the European Semester (for the preventive arm).</p> <p>Establishment of key elements of the macroeconomic surveillance as part of the European Semester.</p>	<p>The legislative package was adopted by co-legislators in autumn 2011 and entered into force by mid-December 2011. The Commission will apply the new legislation immediately in the context of the 2012 European Semester. The scoreboard, which forms part of the alert mechanism under Excessive Imbalances Procedure has been discussed by the Council in mid-November 2011. The European Parliament gave its opinion on the scoreboard also in [November 2011]. The Alert Mechanism Report was published on [13 December 2011]. Based on the results, the Commission will undertake in-depth studies on those Member States where it feels that there are potentially harmful macroeconomic imbalances. These in-depth studies shall form the basis of policy recommendations to Member State under the preventive and/or corrective arm of the EIP.</p> <p>The Commission shall strengthen the analytical tools and frameworks used to identify macroeconomic imbalances at an early stage and to help specify the required policy responses. Analytical work, in collaboration with the EPC and LIME, is underway on tools to help assess the sustainability of external positions of Member States, to assess competitiveness and export performance, to understand balance sheet adjustment and to monitor asset market developments.</p> <p>The Commission shall also undertake further analytical work on the design of the early warning scoreboard in the EIP, and if appropriate update its design (after consulting the competent committees of the European Parliament and Council) by the end of 2012.</p>	<ul style="list-style-type: none"> • Implement and apply the economic governance legislation in the 2012 European Semester by issuing recommendations under the preventive arms of SGP and EIP along with other country-specific recommendations by May 2012. Preparation of a second Alert Mechanism Report under the EIP to launch the 2013 European Semester. • Improve the analytical frameworks and tools used to conduct surveillance. The Commission will deliver intermediate results before summer 2012, and also develop longer term analytical work programme, including on statistical needs in collaboration with ESTAT.
<p>Adoption of horizontal and country-specific recommendations for economic and budgetary policies.</p>	<p>In July 2011 Council adopted country-specific recommendations based on the Commission's proposal of 7 June 2011.</p>	<p>Delivering integrated assessments of Stability and Convergence Programmes and National Reform Programmes on an annual basis. In 2012, this shall include for the first time recommendations under the preventive arm of the EIP. Also, hold a first round of the regular assessment and peer review of national fiscal frameworks as requested by the Council.</p>

Main policy outputs for 2012

2012 will see the finalisation of the new round of long-term economic and budgetary projections. Based on the Council mandate, the EPC's Ageing Working Group plans to complete the overall project – the 2012 Ageing Report - (including final Conference and related publications) by mid-2012. On this basis, the preparation of the 2012 Sustainability Report is envisaged in autumn 2012.

Ensuring the implementation of a well-coordinated and economically rational Europe 2020 in 2012 through:

- Providing effective analytical underpinning for growth and imbalances dimensions of integrated macroeconomic surveillance in the context of the European semester and the EU2020 strategy; Intermediate results and proposals for a long-term analytical work programme on analytical frameworks/tools to be used for surveillance on macroeconomic imbalances in the EIP shall be prepared by mid 2012. This will include work examining the role of sectoral and geographical composition in determining export performance followed by analysis of the drivers of those determinants. It will also include the work on energy dependency and the contribution of energy to trade imbalances.
- Preparation and publication of in-depth studies required for policy recommendations addressed to Member States under the preventive and/or corrective arm of the EIP
- If appropriate, provide for an updated design of the early-warning scoreboard by end 2012;
- Assessing Stability and Convergence Programmes (SCPs) and National Reform Programmes (NRPs) leading to integrated policy recommendations according to the European semester timetable.
- Reviewing the fundamentals of European growth and EMU in a medium term perspective and prepare two reports on these two topics
- Contributing to assessing the economic effects of the implementation of the Services Directive and other key Community growth drivers, and also feeding the debate on the revision of the Multiannual Financial Framework;
- Analysing the structural policies needed at both the EU and Member State level to achieve the transition to a low-carbon and resource-efficient economy as well as the macroeconomic implications of the 2020 greenhouse gas reduction targets;
- Contributing to developing the EU's position on issues related to the mobilisation of long-term finance for climate change actions in the developing countries in view of the UN climate change conference in 2011;
- Participating actively in an improved Macro-economic Dialogue (a high level forum for the exchange of views between the Council, Commission, European Central Bank and social partners).
- Assessing competition in network industries across Member States in the field of energy, transport and telecommunications.
- Assessing infrastructure spending across MS and, estimate the possible contribution to growth (depending on data availability and quality).
- Analysing the structural policies needed at both the EU and Member State level to reduce unemployment, raise participation rates, and enhance the contribution of labour to growth;
- Analysing the role of reforms in the wage setting system that permit to improve competitiveness and the adjustment capacity of the economies
- Analysing competitiveness in the EU through a comprehensive set of sectoral indicators on trade, unit labour costs and real effective exchange rates, import content of exports, and in depth country and sectoral reviews,

<p>2. Objective "To further prepare the enlargement of the euro area and to support the continuing changeover to the euro at EU level in order to take full advantage of EMU's potential"</p>		
<p>Directorate(s) responsible for the implementation of this objective: Dir E "Financial stability and monetary affairs" Dir A "Policy strategy, co-ordination and communication"</p>		
Result indicators	Latest known result	Target (result)
<p>Level of support in the euro as reported by Eurobarometer, especially in the changeover countries</p>	<p>Level of knowledge on euro increased in all post-2002 changeover countries. Around 90% of population considered themselves well informed at the end of changeover communication campaign in Cyprus, Malta, Slovenia and Slovakia. In Estonia, this figure increased importantly during 2010 and stood at 89% six weeks before the euro changeover.</p> <p>Support for the euro also increased during changeover campaigns in the above mentioned countries.</p> <p>Euro was considered a 'good thing' for Europe by 67% respondents in euro area in the autumn 2010, 3pp down from autumn 2009 level.</p>	<p>Self perceived level of information considered at least 'good' by at least 85 percent of respondents at the end of the changeover communication campaign.</p> <p>The level of support for the euro to be higher at the end of the campaign than at its beginning.</p>
<p>Progress by Member States towards sustainable convergence</p>	<p>The last convergence assessment in May 2010 concluded that pre-in Member States had recorded uneven progress towards sustainable convergence, as they still absorb the impact of the financial crisis. Three out of 9 examined Member States fulfilled the criterion on price stability; two fulfilled the fiscal criterion; two fulfilled the exchange rate criterion and three fulfilled the criterion on long-term interest rates. Among additional factors, the report notes that external imbalances have been unwinding but external financing conditions remain fragile, with three Member States requiring international financial assistance. Based on a positive convergence assessment and the subsequent legislative procedure, Estonia adopted the euro on 1 January 2011, making it the 17th member of the euro area.</p>	<p>Fulfilment of convergence criteria by Member States taking into account the economic environment</p>
<p>Main policy outputs for 2012</p>		
<ul style="list-style-type: none"> • Monitor and support progress with convergence in pre-in countries preparing themselves to join the euro area, including through their participation in the Exchange Rate Mechanism (ERM II). • Biennial Convergence Report (and possible legislative procedure for euro adoption in case one or more Member States fulfil the conditions for euro area entry). The next report is scheduled for adoption in 2012 and will assess progress with convergence by pre-in Member States. 		
<p>Main expenditure-related outputs</p>		
<ul style="list-style-type: none"> • Implementation of Partnership agreements • Organisation of major conferences (such as the Brussels Economic Forum or major Euro conferences in the Member States), seminars (for DirCom, Euro Team Members and journalists), exhibitions, competitions, communication campaign and stands • (Re-)Production and distribution of leaflets, posters, CD, video, newsletters, opinion polls. • Production of special web sites • The provision of promotional material and website development, migration and maintenance 		

3. Objective "To promote the pursuit by Member States of sound budgetary positions and of public finances that are sustainable and of high quality in terms of their contribution to growth"		
Directorate(s) responsible for the implementation of this objective: Dir C "Fiscal policy" Dir F, G, H "Economies of the Member States"		
Result indicators	Latest known result	Target (result)
Implementation of strengthened fiscal surveillance under the SGP and European Semester.	The legislative package was adopted by co-legislators in autumn 2011 and entered into force by mid-December 2011. The Commission will apply the new legislation immediately in the context of the 2012 European Semester.	Implement and apply the fiscal components of the new economic governance legislation, including in the 2012 European Semester, in particular by issuing recommendations.
Percentage of individual Commission recommendations related to the Stability and Growth Pact (SGP) implemented by Member States (contingent upon their adoption by the Council)	<p>24 out of 27 Member States (89%) were in excessive deficit procedure (EDP) at the start of 2011. The state of implementation of the Commission recommendations to the Council to correct the excessive deficit can be summarised as follows:</p> <ul style="list-style-type: none"> • At the beginning of 2011, the EDP was in abeyance for 17 Member States (all except EL, IE, MT, FI, BG, CY, DK). • In January 2011, the Commission made a positive assessment of action taken by MT, FI, BG, CY and DK in response to the Council's recommendations under the EDP and issued a communication to the Council. Since then, the EDP is also in abeyance for those countries. • In June 2011, following the spring forecast and the Eurostat validation of the spring EDP notification (which showed a deficit below the 3% of GDP reference value), the Commission adopted a recommendation for a Council decision abrogating the EDP for Finland. • In August 2011, the Commission made a positive assessment of action taken by IE in response to the Council's recommendations under the EDP and issued a communication to the Council. Since then, the EDP is also in abeyance. • For one Member State (EL), the Commission issued a recommendation for a Council decision under Art. 126(9) and Art. 136 in February 2010. Since then, recommendations are reviewed on a quarterly basis. 	Implementation of all Commission recommendations
Main policy outputs for 2012		
<p>This objective is pursued by implementing and strengthening budgetary surveillance and to review public finances in relation to the impact of the economic situation and institutional and analytical issues.</p> <p>Major actions under this objective include:</p> <ul style="list-style-type: none"> • Undertaking and presenting without delay the necessary assessments, reports, opinions and recommendations related to public finances to enable the Council to adopt opinions and decisions compliant with the Treaty and secondary legislation; 		

- Reviewing public finances taking into account the economic situation and institutional and analytical issues: economic outlook, policy-mix, operational and institutional aspects of the implementation of the Stability and Growth Pact, long term sustainability of public finances, quality of public finances, methodological issues linked to the policy making as well as long-term trends in public finances. This does notably include horizontal reports on Public finances in EMU, Sustainability, Ageing and Taxation.

Items requiring a Commission decision:

- Possible new steps under the Excessive Deficit Procedure (possibly in conjunction with / the Excessive Imbalance Procedure or / other initiatives under the new legislative package;
- Commission recommendations for Council recommendations (including opinions on the updated stability and convergence programmes), to be issued in the context of the European Semester.

4. Objective "To promote macro-financial stability and to restore confidence, stability and sustainability in the financial markets by devising and help implementing appropriate policy responses in order to limit the impact of the financial crisis on the real economy of the EU".

**Directorate(s) responsible for the implementation of this objective:
Dir E "Financial stability and monetary affairs"**

Result indicators	Latest known result	Target (result)
Euribor to OIS , corporate bond spreads and emerging Market, as well as EU default perceptions.	<p>In late October 2011, the Euribor-OIS spread stood at 80 basis points, a highly elevated level but still much lower as compared to the peak of 196 basis points on 10 October 2008, after the collapse of Lehman Brothers. The index remained at a stable level of 20-30 bps over 2010 and the first half of 2011 but has revealed a significant and persistent rise since summer 2011.</p> <p>In late October 2011, the Itraxx default risk index reached 225 basis points for senior financials and 425 basis points for subordinated financials. Both Itraxx financial indexes have been rising steeply over the last 12 months and are now approaching the peak levels recorded in March 2009.</p> <p>In late October 2011, the emerging markets' spread (over U.S. Treasuries) stood at 352 basis points. The index reached a 2.5-year high at the beginning of October but remains significantly below its record levels of more than 850 bps attained in October 2008.</p> <p>In late October 2011, euro area corporate bond spreads reached 109 bps for AAA-rated companies, 210 bps for AA-rated companies, 230 bps for A -rated firms and 308 bps for BBB-rated corporates. Corporate euro area bond spreads have been constantly expanding since the beginning of the year but so far remain below the peaks recorded in late 2008.</p>	Indicator returning to normal pre-crisis reference values.

Main policy outputs for 2012

- Macro-financial stability recommendation in the context of Europe 2020.
- Ensuring the implementation of goals set under Europe 2020 in order to restore macro-financial stability, growth and employment. In this context, the recommendations were given to the Member States.
- Assessment of macro-financial stability in relation to EIP.
- Ensuring enhanced economic, macro-financial and fiscal surveillance of vulnerable EU Member States.

5. Objective "To preserve financial stability in the EU by providing financial assistance to euro area Member States facing a severe deterioration of their borrowing conditions and to Member States outside the euro area facing difficulties with their balance of payments"

Directorate(s) responsible for the implementation of this objective:

Dir A "Policy strategy, co-ordination and communication"

Dir E "Financial stability and monetary affairs"

Dir F, G, H "Economies of the Member States"

Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

Result indicators	Latest known result	Target (result)
Develop appropriate financial and legal instruments to tackle the sovereign debt crisis, accompanied by financial assistance facilities and programmes in MS	<p>The HOSG of the Euro area agreed to improve the flexibility and the effectiveness of the EFSF and of the ESM, by enhancing them for the following facilities:</p> <ul style="list-style-type: none"> - act on the basis of a precautionary programme; - finance recapitalisation of financial institutions through loans to governments including in non programme countries ; - intervene in the secondary markets on the basis of an ECB analysis recognizing the existence of exceptional financial market circumstances and risks to financial stability and on the basis of a decision by mutual agreement of the EFSF/ESM Member States, to avoid contagion. <p>On 26 October 2011 the HOSG of the Euro area also agreed to maximise available resources to support market access for euro area Member States faced with market pressures by leveraging the resources of the EFSF through providing credit enhancements and/or through a combination of resource from private and public financial institutions via special purpose vehicles.</p>	<p>An EFSF that can tackle financial difficulties of member states at an early stage and in an efficient way, together with streamlined financial assistance procedures and, when necessary, the use of new financial assistance facilities for precautionary purposes.</p> <p>Adoption of Regulations on enhanced monitoring and surveillance of euro-area Member States facing financial disturbance or requesting financial assistance.</p> <p>An ESM operational as of the second half of 2013.</p>
Sovereign debt stress and regular programme reviews, addressing the main sources of financial difficulties in euro area Member States receiving financial assistance programmes	<p>Unprecedented financial assistance programmes have been put in place for some euro-area Member States – Greece, Ireland and Portugal – as urgent policy intervention was needed to limit contagion risks in the common interest of all Member States.</p> <p>Programme implementation is on-going in Greece, Ireland, and Portugal. Review missions are taking place on a quarterly basis. Assessment reports along with updates to the legal documents are published shortly after the end of the mission.</p> <p><u>Greece</u> Three review missions have taken place since in 2011 (February, May, August), while only two disbursements have effectively been given and one is still pending. Total granted: EUR 47.1 billion (EUR 30.2 billion pending). The fifth review for the 6th disbursement amounting to EUR 5.8 billion was concluded on 11 October with considerable delay and the publication of the Compliance Report is also delayed. The Commission adopted a Communication to the Council on 26 October. The Council Decision was taken on 8 November.</p> <p><u>Ireland</u> Following a request by Ireland, on 21 November 2010, the mechanism was activated. As of end October 2011, funds for EUR 13.9 billion have been disbursed to Ireland</p>	<p>Avoidance of an acute crisis in the euro area (in particular: sovereign default) and contagion to other vulnerable markets, Member States and the financial sector.</p> <p>Progress in implementing the reform agenda in Greece, Ireland and Portugal</p> <p>Bring back public finances on a balanced path</p> <p><u>Greece</u> The sixth disbursement is expected to take place once the EAMS give their final agreement. A second economic adjustment programme (EUR 130 billion) will be negotiated in the coming weeks. The final outcome will be dependent on the final PSI agreement. The second programme will not deviate from the first one, albeit modifying its financial framework, and possibly revising fiscal and privatisation targets.</p> <p><u>Ireland</u> The EFSM will contribute with up to EUR 22.5 billion to the programme</p>

	<p>following the completion of three reviews. A fourth review mission took place in October 2011, and found satisfactory progress towards the programme objectives. Completion of the 4th review, expected in early December, would release a 4th disbursement from the EFSM and the EFSF of up to EUR 4.2 billion</p> <p><u>Portugal</u></p> <p>On 7 April 2011, Portugal requested financial assistance. In the first half of 2011, two loans, amounting to EUR 6.5 billion, were granted to Portugal. In the second half of 2011, following a positive conclusion of the first review mission in August, a further EUR 7.6 bn were disbursed. The second review mission took place in November and, in case of a positive conclusion, will lead to the disbursement of a third instalment by mid-January.</p>	<p>agreed with the Irish authorities to restore financial market confidence in the banking sector and the sovereign, enabling the economy to return to sustainable growth. The EFSF, IMF and bilaterals will cover the remaining EUR 45 billion of the external support to the programme.</p> <p><u>Portugal</u></p> <p>The EFSM will contribute with up to EUR 26 billion to the programme agreed with the Portuguese authorities including structural reforms to boost potential growth, create jobs, and improve competitiveness; a fiscal consolidation strategy and a financial sector strategy based on re-capitalisation and deleveraging.</p>
<p>Balance of payments stress (gross international reserves, exchange rate developments) and regular programme reviews, addressing the main sources of vulnerability in EU Member States receiving BoP assistance.</p>	<p>Programme implementation is on-going in Latvia (BoP assistance) and Romania (precautionary programme). Review missions are taking place quarterly. Assessment reports along with updates to the legal documents are published after the end of the mission.</p> <p><u>Latvia:</u></p> <p>A programme review was successfully completed in May 2011 and the last programme review mission took place during 28/10– 9/11/2011 with expectations for successful completion and a switch to post-programme surveillance as of 20 January 2012. Given the solid reserve position and better-than-expected macroeconomic and fiscal outcomes, the government of Latvia decided not to request the last two tranches for a total of EUR 200 million made available under the balance-of-payments programme. However, EUR 300 million of previously disbursed funds reserved to cover potential bank restructuring costs were released for general government purposes in June 2011.</p> <p><u>Romania:</u></p> <p>Since May 2011, up to EUR 1.4 billion for precautionary medium-term financial assistance has been available to Romania. Two reviews were completed in 2011 on the Romanian programme (one informal review was completed in August and the first formal review was completed in November). The programme is on track and no disbursements were made, as the programme is treated by the Romanian authorities as precautionary.</p>	<p>Avoidance of an acute BoP crisis and disorderly exchange rate adjustment in the EU countries</p> <p>Decline in external imbalances (current account deficit, external gross debt) compared to pre-crisis levels, feeding into broader macro-economic stabilisation.</p> <p>Return to a situation of gradual accumulation of foreign exchange reserves in those countries currently receiving BoP assistance.</p> <p>Completion of programme reviews (a review is completed when it is considered that policy conditionality has been respected by the country concerned, including respect of the fiscal targets recommended in the context of the EDP):</p> <ul style="list-style-type: none"> • Latvia: by January 2012 • Romania: by March 2013
<p>Monitoring non-programme vulnerable countries and contingency planning.</p>	<p>Monitoring of financing needs (fiscal and BoP) for non-programme vulnerable countries. Development of a centralised monitoring system of financial sector, fiscal, and balance of payment stress indicators.</p> <p>Debt sustainability is assessed on a regular basis for other economies thanks to thorough analyses of public financing needs and fiscal developments.</p>	<ul style="list-style-type: none"> • Developing a centralised and regularly updated dataset on financing needs and stress indicators in vulnerable countries. • Calculations of financing gap estimates under several stress scenarios. • Crisis preparedness and contingency planning for Member States requesting EU financial assistance. • Early detection of unfavourable public debt developments; encourage precautionary action.

Main policy outputs for 2012

Setting up of the ESM which should become operational starting from mid 2013.

Main expenditure-related outputs

- Community financial assistance to the countries concerned (loans) under the BoP facility, Greek facility and/or the newly created EFSM and EFSF.

6. Objective "To conduct economic research and to monitor macroeconomic developments and the economic situation in the EU, the euro-area and Member States in order to support the smooth functioning of EMU and the EU economy"

**Directorate(s) responsible for the implementation of this objective:
Dir A "Policy strategy, co-ordination and communication"**

Result indicators	Latest known result	Target (result)
Reference to and usage of analytical tools and EU reference indicators as well as the Economic Papers by governments and research institutes in Europe, and beyond.	<p>Economic research and analytical tools (mainly simulations with the Quest III model) have been used extensively during 2011 as inputs into the economic policy debate. DG ECFIN has made substantial contributions to the Public Finance Report; to the EPC's Lisbon Methodology (LIME) working group; to the EPC's Output Gap Working Group (OGWG) with respect to budgetary surveillance issues; to the Spring and Autumn forecasting exercises (output gaps; risk scenarios for the forecasts, contributions to the forecast report and to thematic chapters). Model results have also been published in the QREA. The QUEST model has also been used for impact assessments of other DG's on financial market regulation (DG MARKT) and financial market taxation (DG TAXUD) as well as for assessments of state aid measures related to the financial crisis (DG COMP). In addition the model has been used for an assessment of the impact of structural and cohesion funds (DG REGIO). With a view to monitor macroeconomic imbalances in the euro area and prepare the ground for the legislative work on the Excessive Imbalances Procedure, DG ECFIN has delivered a number of analytical reports to the EFC, EPC, Eurogroup and the Herman van Rompuy Taskforce on Governance (e.g. "Surveillance of Intra-Euro-Area Competitiveness and Imbalances", "Note on the Functioning of a Structured Procedure to Prevent and Correct Harmful Macroeconomic Imbalances", "Note on Operationalising the Alert Mechanism").</p> <p>DG ECFIN is also increasingly involved in the development of analytical tools in support of economic surveillance and economic forecasts.</p> <p>Business and Consumer surveys were conducted on a monthly basis in the 27 EU Member States and three candidate countries (Turkey, Croatia and Former Yugoslav Republic of Macedonia). Survey results were regularly published in the form of two monthly press releases and a quarterly analytical note. In addition, monthly projections of quarterly GDP growth in the euro area were produced.</p>	Reference to and usage of analytical tools and EU reference indicators and other products comparable to those of the other major international institutions, such as the IMF, OECD, ECB. The target variables include downloads of data, references to the publications, number of attendants of the events.
Accuracy of the forecast exercises	A study Oct. 2007 shows that overall the Commission's forecasts continue to dispose a reasonable track record. Forecasts for the EU generally seem to be unbiased,	Accuracy comparable to the accuracy of the forecasts of the other major international

	<p>efficient and display a high success rate for directional accuracy. Finally, the Commission's forecasts' track record for GDP is broadly comparable with the ones of Consensus, the IMF and the OECD.</p>	<p>forecasters, such as the IMF, OECD, consensus.</p> <p>The target variables include GDP growth, total investment, inflation, the unemployment rate, the general government balance and the current account to GDP ratio with forecast error (respective to the outturn data)</p>
<p>Main policy outputs for 2012</p>		
<p>Major deliverables :</p> <ul style="list-style-type: none"> ▪ Quarterly Reports on the Euro Area ▪ European Economic Forecasts ▪ Monthly press releases of harmonised indicators and analysis of business cycle based primarily on aggregation of business and consumer surveys (BCS) results. ▪ EU Annual Workshop on Recent Developments in Business and Consumer Surveys 		
<p>Main expenditure-related outputs</p>		
<p>Business & Consumer surveys (Grants) Output € 5.740.000,00 = Number of Agreements: 54</p> <p>Financial Services Sector Survey – EU wide € 202.845,00 = Number of agreements: 1</p> <p>Databases:</p> <p>- External commercial data supply services for DG ECFIN (call for tenders) – Output 1.000.000€=Number of contracts: 28</p> <p>Conferences, workshops, seminars, publications, studies, evaluations</p> <p>EU Annual Workshop on Recent Developments in Business and Consumer Surveys: € 20.000,00</p>		

Activity "International Economic and Financial Affairs"

Over the past 50 years, the EU has achieved remarkable success in harnessing the increasing interconnections arising from globalisation and in achieving economic prosperity and stability. The EU has become one of the world's key economic players, accounting for about 27% of global GDP and 17% of global trade flows (excluding intra EU trade), while the euro has emerged as a key international currency. As a result, many parts of the world are looking at the EU's experience in regional integration.

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

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

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

1. Objective "To support the enlargement process, the implementation of the EU Neighbourhood Policy and EU priorities in other third countries by conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs"

Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"

Result indicators	Latest known result	Target (result)
Progress in candidate countries' accession negotiations, in particular on EMU as measured by provisional closure of EMU chapter	In 2011, DG ECFIN contributed to shaping EU enlargement policies on candidate and pre-candidate countries, including through active participation in the negotiation of chapters with important economic dimensions. With Turkey, negotiations on EMU Chapter (N° 17) have not yet been opened. As for Croatia, accession negotiations were closed at the intergovernmental	Negotiation Chapter on economic and monetary policy provisionally closed

	<p>conference on 30 June. With Iceland, negotiations were launched in July 2010; the first step, the so-called "screening" started in November 2010, and was finalised in June 2011; at the intergovernmental conferences on 27 June and 19 October 2011, the first six chapters of negotiations were opened and four of these chapters were provisionally closed.</p>	
<p>Economic and fiscal surveillance of - and economic dialogue with enlargement countries and other neighbouring countries.</p>	<p>In 2011, DG ECFIN pursued regular in-depth economic and fiscal surveillance of enlargement countries. This included, inter alia, the preparation of analytical assessments of the countries' medium-term economic and fiscal programmes; analyses of the countries' progress in complying with the Copenhagen economic accession criteria, also by providing the economic chapters to the Commission's annual enlargement package. The surveillance also included monitoring of economic developments as well as providing economic analysis of – and economic policy advice to the enlargement countries, also in the context of regular economic dialogues which were held with all countries.</p> <p>DG ECFIN held an annual ECOFIN EU-EFTA Ministerial meeting, and an Economic dialogue meeting with the Gulf Cooperation Council.</p>	<p>Progress in terms of compliance with EU economic accession criteria and preparation of future participation in EMU</p>
<p>Development of economic cooperation and dialogues with the EU Neighbourhood partners.</p>	<p>In 2011, DG ECFIN played an important role in the ENP processes, both exceptional and more regular, in particular the revamping of the ENP in response to the political developments in the EU neighbourhood, notably the "Arab Spring", participation to the two major regional initiatives in the EU neighbour countries – Union for the Mediterranean and the Eastern Partnership, and preparation of the regular progress reports on the implementation of the ENP Action Plans. DG ECFIN prepared its regular economic review of the EU neighbour countries. Also, DG ECFIN negotiated economic cooperation chapters in future association agreements and conducted policy discussions with number of neighbour countries in the context of bilateral economic dialogues and of negotiations of policy conditionality of macro-financial assistance operations.</p>	<p>To promote regular exchange of views and common understanding of economic challenges with the ENP countries.</p>
<p>Monitoring and reporting on mobilisation of EU funding of fast-start climate finance and analysis and policy advice on new sources and innovative financing of global challenges.</p>	<p>In 2011, DG ECFIN pursued the analysis on mobilising international climate finance through new sources and through innovative financing methods and prepared in cooperation with DG CLIMA and DG DEVCO a report. DG ECFIN had the lead in monitoring the EU contribution to international fast-start climate finance and published two reports. These reports and several Council Conclusions on climate finance were important contributions for the preparation of the UNFCCC negotiations in Durban. The analytical work, the reports and draft Council Conclusions were presented and discussed in the relevant EPC working group.</p>	<p>Finalising a staff working paper on mobilising climate finance. Preparing two fast start finance reports and launching two Council Conclusions to endorse them. Prepare further Council Conclusions to prepare UNFCCC negotiations.</p>
<p>Main policy outputs for 2012</p>		
<ul style="list-style-type: none"> • Signature of the draft treaty on Croatia's accession to the EU (if not already signed by end- 2011). • Progress in implementing priority structural reforms identified in the bilateral Action Plans through policy conditionality of macro-financial assistance operations. • For enlargement countries, to gradually strengthen economic and fiscal surveillance by putting a stronger focus on external imbalances and structural growth bottlenecks in the assessments of medium-term economic and fiscal programmes and during regular economic dialogues. 		

- Strengthening of the economic pillar of the European Neighbourhood Policy, of the EU policy towards the Union's Mediterranean partners (including in the context of the Union for the Mediterranean) and of the Eastern Partnership.
- To pursue economic dialogues with the Gulf Cooperation Council and with EFTA partners, in particular through the annual ECOFIN EU-EFTA Ministerial meeting.
- To continue providing policy advice:
 - to the Commission and the Council on Climate Finance, in particular on sources of climate finance and monitoring of EU commitments, in the framework of the UNFCCC negotiations (Council conclusions on Climate finance to be adopted in 2012);
 - to the Commission on improving the functioning of commodity markets;
 - to the Commission on development finance and economic aspects of development policies.

2. Objective "To improve the EU profile, external representation and liaison with the IIB and EBRD, other international financial institutions, and relevant economic fora aiming at strengthening convergence between their strategies and operations and EU external priorities"

Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

Result indicators	Latest known result	Target (result)
Progress in EU coordination with the main IFIs and MDBs in the external field	<p>DG ECFIN played a key role in providing policy advice on the response of European financial institutions (EIB and EBRD) to the political and economic transformation process in the Southern and Eastern Mediterranean countries. This included the proposed extension of EBRD scope of activity to the Southern and Eastern Mediterranean region and a strengthened EIB external mandate.</p> <p>DG ECFIN organised a one day conference between the Commission and all main IFIs involved in the Neighbourhood region and Central Asia to strengthen the delivery of EU policy objectives in these regions.</p> <p>In March 2011, the Subcommittee on IMF-Related Issues (SCIMF), based in Brussels, discussed modalities to enhance EU coordination in governing bodies of main IFIs through appropriate coordination approaches in Brussels, Washington, D.C. and London.</p>	<p>Increased scope and effectiveness of common EU positions and statements that advance the EU's policy agenda.</p> <p>Explore modalities on how coordination can be strengthened in both Brussels and Washington DC for the IMF and the World Bank.</p> <p>EU ratification of the amendments to the EBRD Agreement through ordinary procedure on the basis of a Commission proposal.</p>
Progress in EU coordination with G7 and G20	<p>In 2011, DG ECFIN played an important role in the G20 process and coordinated the EU input on economic and financial issues dealt with by this forum on the basis of Terms of Reference agreed with the Member States for all G20 Deputies' and Ministers' meetings. It contributed to the successful participation of the President and the Commissioner to the G20 Summit in Cannes (and, in the case of the Commissioner, to the G20 Finance Ministerial meetings).</p> <p>DG ECFIN also ensured an active representation of the EU in a number of G20 working groups, including the Framework for Growth group, the Reform of the International Monetary System, Financial Inclusion Experts Group, the Development Working Group, the Fossil Fuel Subsidies</p>	<p>Ensure effective coordination of EU positions for the 7 deputies' and 3 Finance Ministerial meetings in 2011, on the basis of Terms of References agreed in the EFC.</p> <p>Provision of relevant Increase input to the</p>

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	<p>working group and the working group on Fossil Fuel Price Volatility. DG ECFIN represented the EU also in a G20 study group on commodities and contributed to the drafting of a report on causes and consequences of commodity market developments. DG ECFIN presented a report on the issue at the EFC. DG ECFIN was a key contributor to a report of the Commission task force on commodities.</p> <p>The following outputs were produced by DG ECFIN in this context:</p> <ul style="list-style-type: none"> o the input on the G20 Framework for Growth and the reform of the International Monetary System and the 3 EU Terms of Reference for the G20 Deputies and Ministerial meetings. o a note on "The G20 methodology and process for surveillance of imbalances: a comparison with the Excessive Imbalance Procedure (EIP)" o a paper on the cooperation between regional financing arrangements and the IMF for the G20 Working Group on IMS reform. o technical support for the French G20 Presidency, notably on IMF resources. o a paper to the G20 study group on commodities as an input to the joint study group report on commodities; DG ECFIN coordinated the Commission's view among services and with the ECB in this matter. o around 1020 common messages on IMF policy, multilateral surveillance and country items (excluding ECFIN assessment of IMF Article IV reports on the euro area and EU Members). <p>DG ECFIN also organised a one day conference on the international monetary system (IMS) on 19 May 2011, gathering high-level policy makers and experts, with a view to feeding the debate in the G20 on IMS reform.</p> <p>DG ECFIN organises a number of bilateral meetings with G20 countries, which help channel Commission views, and prepare the grounds at bilateral level for negotiations at multilateral level.</p> <p>Since 2010, the European Commission is now also invited to the full meeting of the G7 and the Commissioner has been able to take a much higher profile in the G7 discussions.</p>	<p>G20 working groups, notably on the G-20 Framework for Growth and the related Action Plan on the reform of the International Monetary System and for the working group on commodities.</p> <p>Increase input in G7 meetings.</p> <p>Strengthen and deepen bilateral relations with G20 countries.</p>
<p>Progress in ensuring that IFIs and MDBs have adequate resources in the external field</p>	<p>DG ECFIN is actively following the discussions in the several multilateral facilities such as the Western Balkans Investment Framework, the Neighbourhood Investment Facility, as well as investment facilities for Central Asia and Latin America.</p> <p>In February 2011, the Commission issued a proposal for a decision of the European Parliament and Council on the EBRD Capital increase. The decision was adopted on 8 November 2011 in first reading following inter-institutional negotiations.</p> <p>DG ECFIN, on behalf of the Commission, concluded negotiations with the European Parliament and the Council on the revision of the EIB external mandate decision covering the period 2007-2013. The revised decision, adopted by the EP and Council on 25 October 2011, foresees an overall ceiling increase of EUR 3.7 billion. The guarantee and the recovery agreements signed with the EIB have been revised accordingly.</p> <p>In March 2011, a new Tripartite Memorandum of Understanding between the EIB, the EBRD and the Commission was signed. The first meeting of the Steering Committee of the revised MoU was organised on 20 October 2011.</p> <p>Following the mid-term review of EIB's external mandate, in July 2011 DG ECFIN and DG DEVCO launched a Group of Experts (GoE) to discuss with Member States, the EIB and the European External Action Service (also other multilateral and bilateral financial institutions will be consulted) the development of a "EU Platform for Co-operation and Development". The first meeting of the GoE took place on 8 November 2011.</p> <p>DG ECFIN is actively supporting external relation DGs in the development of financial instruments under the next MFF. DG ECFIN</p>	<p>Improve the EU coordination in the different governing bodies of MDBs asking for capital increases (e.g. implement the EBRD capital increase).</p> <p>Effective and efficient coordination related to EU resources allocated to IFIs and MDBs</p> <p>Monitoring the implementation of bilateral loan agreements/NAB participation of EU Members in the IMF.</p>

	<p>provides policy advice on economic and financial aspects of development policy.</p> <p>DG ECFIN prepared option papers on increasing IMF resources in the wake of the Cannes Summit.</p> <p>DG ECFIN is monitoring progress in the EU Members ratifying the 2010 quota and voice reform.</p>	
<p>Main policy outputs for 2012</p>		
<ul style="list-style-type: none"> • Contributing to and monitoring the implementation of the policy measures by EU Members, including those decided by the G20 leaders with respect to reform of financial markets and of international financial Institutions. • Further international coordination, including in a G20 context, to monitor – and eventually adjust – the policy actions taken so far to stabilise the world economy and, going forward, to set the basis for a stronger, more sustained and balanced world growth. International coordination will notably entail the contribution to preparation of Commission's and EU positions and terms of reference in the G20 and its working groups, G groups and IMF meetings. A major aim for 2012 is to increase the coordination among EU Member States of the G20 – and possible also the euro area G20 Members. Terms of Reference (ToR) are prepared by DG ECFIN, which will imply deeper discussions within the EFC and the ECOFIN on the ToR. • An important element of the increased EU coordination in the run-up to and during G20 meetings will be related to the preparation of EU positions on addressing global imbalances, This will imply monitoring of the implementation of G20 members' commitments to the Cannes Action Plan for Growth and Jobs and participation in the peer-review process within the G20 Framework for Growth Working Group. It will also include the preparation of common positions on the role of the euro and EU economic policies in the international monetary system and global capital flows, and on reducing the volatility of commodity prices and the phasing out of inefficient fossil fuel subsidies. • Improving the coordination of EU positions for the IMF Executive Board. This includes the preparation of euro area/EU common messages on IMF policy and country issues of EU or Euro area relevance, contributing to the discussion on the adequacy of the IMF's resources, and to the forthcoming discussions on the review of the current quota formula. • Coordination of views between the EU and other major economic partners through an increase in the number of bilateral dialogues, in view of the growing importance of G20 countries for economic policy coordination. • Contribution to EU positions on economic and financial aspects of climate change, including the monitoring of the implementation of EU commitments on fast-start finance, the identification of innovative sources, and the architecture of the Copenhagen Green Climate Fund. • Contribution to the coordination of EU positions in the WB and MDBs. • ECFIN continues to promote a coordinated approach in the design and governance of multilateral investment facilities. In this context, it leads together with DEVCO a working group including Member States, the EEAS and the EIB entrusted with the study of an EU platform for external cooperation and development. The Commission should report to the European Parliament and the Council by mid-2012 and, if appropriate, make a proposal for the platform. • In March 2011, a new Tripartite Memorandum of Understanding between the EIB, the EBRD and the Commission was signed. The Memorandum will need to be revised to cater for the foreseen extension of the EBRD to the Southern and Eastern Mediterranean region. • Following the conclusions of the negotiations with the European Parliament and the Council on the revision of the 2007-2013 EIB external mandate decision, DG ECFIN will work on the implementation of such decision (revised MoU with the EIB and establishment of regional technical operational guidelines) and on the preparation of the next EIB external mandate covering the period 2014-2020. • The Commission proposal on the EU approval of amendments to the agreement establishing the EBRD allowing the Bank to operate in countries of the Southern and Eastern Mediterranean should be issued early 2012. ECFIN should, on behalf of the Commission, conduct the negotiations with the European Parliament and the Council on the adoption of this Decision. 		

3. Objective "Providing macro-financial assistance to third countries in resolving their balance of payment crises and restoring external debt sustainability"

Directorate(s) responsible for the implementation of this objective:
Dir D "International economic and financial relations, global governance"
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

Result indicators	Latest known result	Target (result)
Current account balance (% of GDP)	Armenia: -16.0% in 2009, -14.0% in 2010, -11.5% in 2011 Bosnia and Herzegovina: -6.3% in 2009, -6.1% in 2010, -6.2% in 2011 Georgia: -11.2% in 2009, -9.6% in 2010, -10.8% in 2011 Moldova: -8.6% in 2009, -9.0% in 2010 and -11.2% in 2011 Serbia: -7.4% in 2009, -7.6% in 2010, -7.6% in 2011	Decrease of current account deficit to pre-crisis levels
External debt (% of GDP)	Armenia: 34.7% in 2009, 36.0% in 2010, 36.9% in 2011 Bosnia and Herzegovina: 21.8% in 2009, 25.7% in 2010, 25.9% in 2011 Georgia: 58.1% in 2009, 61.9% in 2010, 62% in 2011 Moldova: 66.0% in 2009, 68.1% in 2010, 65.6% in 2011 Serbia: 77.6% in 2009, 82.2% in 2010, 75.3% in 2011	Decrease of external debt to pre-crisis levels
Official foreign exchange reserves in months' imports of goods and services	Armenia: 5.7 in 2009, 4.8 in 2010, 4.7 in 2011 Bosnia & Herzegovina: 6.0 in 2009, 5.7 in 2010, 4.8 in 2011 Georgia: 4.2 in 2009, 3.8 in 2010, 4.5 in 2011 Moldova: 3.9 in 2009, 3.7 in 2010, 3.9 in 2011 Serbia: 11.5 in 2009, 9.8 in 2010, 6.5 in 2011	Increase of reserves to pre-crisis levels

Main policy outputs for 2012

A proposal of the Commission for a framework regulation on macro-financial assistance to third countries under the Lisbon Treaty was adopted by the Commission in summer 2011. If adopted by the co-legislators (which may happen in 2012), it should provide a stronger legal and policy basis for MFA, which would also help to make the approval and disbursement process more time-efficient.

Negotiations, implementation, monitoring and evaluation of the ongoing (Armenia, Moldova, Bosnia and Herzegovina and Ukraine) and new (Georgia) macro-financial assistance operations in potential candidate and neighbouring countries will be pursued. Also, the Commission will shortly adopt a proposal for an operation for the Kyrgyz Republic. Later in 2012, the Commission may also make new MFA proposals, notably for Egypt and Armenia. The Commission will implement the MFA instrument taking into account the principles of sound and efficient financial management and the recommendations of the Court of Auditors.

Main expenditure-related outputs

MFA grant commitments and disbursements to third countries

Operational assessments and ex post evaluations

Activity "Financial Operations and Instruments"

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

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

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

2) The design and development of innovative financial instruments to support an effective implementation of EU policies in the next Multi-Annual Financial perspectives will constitute a key task to be carried out in 2012. The work will focus on standardisation, simplification and effective delivery mechanisms to change attitudes and practices in the EU in order to deliver results as the share of budget delivery through financial instrument is expected to increase. For example, the proposal for the Europe 2020 Project Bond Initiative in support of infrastructure investments will be further pursued in 2012. In addition, enhanced use of Public-Private-Partnerships (PPPs) will continue to be promoted.

The current financial instruments under the Competitiveness and Innovation Programme (CIP) and its predecessor programme MAP have been designed to address the problem of access to finance by SMEs in general and the particular needs of high growth and innovative SMEs, including those involved in eco-innovation. These instruments, which within the Commission are managed by DG ECFIN, contribute to the implementation of the political priorities set out in the Commission's Europe 2020 Strategy and European Economic Recovery Plan, notably with respect to the enhancement of access to finance for small business, the Lisbon agenda, the European Charter for SMEs and the new initiatives in the areas of entrepreneurial innovation, enterprise competitiveness and industrial policy. In the next MFF, the Innovation part of CIP will be transferred to the Horizon 2020 programme of DG RTD while a new competitiveness programme is being put in place to cater for the financing needs of non-innovative enterprises. DG ECFIN supports DG RTD and DG ENTR in the design of financial instruments under these new programmes.

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

4) Market analysis, monitoring and evaluation of EU wide developments of different types of financial instruments and financing sources is required to support the design of EU financial instruments. In 2012, specific focus will be put on the analysis of the financing of physical infrastructure, notably for transport, energy and environment. The findings are then related to estimates of investments needs and financing gaps to see where EU supporting action is required and how it should be best delivered in order to reflect EU added value.

1. Objective "To promote the EU interest in the governing bodies of the EIB/EIF and strengthen the EU-EIB/EIF co-operation to ensure the alignment of EIB/EIF lending with EU policy priorities in particular within the EU"

**Directorate(s) responsible for the implementation of this objective:
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"**

Result indicators	Latest known result	Target (result)
Implementation of ex-ante coordination mechanism between the EIB and the Commission on projects and programmes and closer cooperation with the EIB Group and other financial institutions in particular within the EU.	<p>Through the Article 19 consultation, the Commission's view on all EIB financing projects is coordinated with a large number of other DGs. In January-October 2011, 222 Commission opinions on EIB projects were prepared.</p> <p>In January-October 2011, interventions of the Commission representatives in the Boards of Directors were prepared for 8 Board meetings at the EIB and 8 Board meetings at the EIF as well as for the Board of Governors of the EIB and the Annual General Meeting of the EIF.</p> <p><i>Innovative financial instruments:</i></p> <ul style="list-style-type: none"> - The EIB President participated in the 2nd, 3rd and 4th meetings of the Commissioners' Group on Innovative Financial Instruments, where the key principles for financial instruments and future design of such instruments were discussed. - ECFIN and EIB arranged joint information sessions on innovative financial instruments for the Financial Counsellors and Budget Counsellors. On specific instruments, numerous meetings involving the EIB and other financial institutions took place at service level. 	<p>Timely delivery of Commission opinions issued on EIB projects</p> <p>Timely preparation of briefing material for Commission representatives in the Boards of the EIB and EIF.</p>

Main policy outputs for 2012

Specific actions include:

- To actively co-operate with the EIB and the EIF in the realisation of EU policies. See above. The evaluation of the EIF own resources activity was launched in September 2011. The Commission has to submit a report to the Council by July 2012.
- To provide recommendations and advice to the Commission nominees on the governing bodies of the EIB and of the EIF on issues related to the EIB group. See above.
- To continue to engage closely with the EIB and the EIF in the shaping of financial instruments supporting Europe 2020 objectives for the next Multiannual Financial Framework.

2. Objective "To improve the financial environment for business and infrastructure, promote the use and enhance the efficiency of the EU financial instruments"

**Directorate(s) responsible for the implementation of this objective:
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"**

Result indicators	Latest known result	Target (result)
Number of beneficiary SMEs receiving financial support	<p>(Cumulated figures for the entire programme period as of 30 June 2011 for CIP and MAP and 31 March 2011 for EPMF – last available)</p> <p>CIP: 142,343 (SMEO7:142,168; GIF 175)</p>	<p>CIP (target for the entire duration of the programme): At least 316,950 (as per Annex to the Proposal for a Decision of the European Parliament and of the Council establishing</p>

	<p>MAP: 234,648 (SMEG01: 234,413; ESU01: 235)</p> <p>EPMF: 46</p>	<p>a Competitiveness and Innovation Framework Programme 2007-2013, COM(2005)121 final, SEC(2005)433 dated 6/04/2005, p. 6).</p> <p>MAP: At least 200,000</p> <p>EPMF: 3,000 microloans</p>
<p>Total investment/loan volume leveraged (EU + other sources):</p>	<p>Figures as of 30 June 2011 for CIP and MAP:</p> <p>CIP: a) GIF: EUR 1,637 million (actual intermediary size;</p> <p>b) SMEG07: EUR 15,650.6 million (total SME financing guaranteed).</p> <p>MAP: a) "ESU01": EUR 1,297.4 million (actual equity vehicle size);</p> <p>b) "SMEG01": EUR 17,118.3 million (total SME financing guaranteed.)</p> <p>ELENA: For the projects approved so far, the minimum leverage of 25 (20 as of 2011) should be exceeded by a large margin. Based upon current estimates, the signed 2009 and 2010 EU ELENA projects (as of 31/8/2011) of €22.6 million should result in a leveraging of a total investment volume in excess of €1.5 billion. The 2010 and 2011 EU contributions are in the process of being implemented with similar expectations as regards investment volumes. The total ELENA allocation for 2012 has been set at EUR 37 million.</p>	<p>CIP (target for the entire duration of the programme): EUR 13,000 million</p> <p>MAP: 8,000 million</p> <p>ELENA: Minimum leverage 20/25 (technical assistance/ investment volume)</p>
<p>Nr of jobs created or maintained in SMEs receiving new financing</p>	<p>Figures as of 30 June 2011 for CIP and MAP:</p> <p>CIP: SMEG07</p> <p>Number of employees at final beneficiaries (at inclusion date): 539,476</p> <p>MAP: SMEG01</p> <p>Number of employees at final beneficiaries (at inclusion date): 940,849.</p>	<p>CIP (target for the entire duration of the programme): 378,400</p>
<p>Main policy outputs for 2012</p>		
<p>ECFIN is increasingly involved in the development of financial instruments in support of the exit strategy and the Europe2020 Strategy. ECFIN supports the relevant Commission services in the development of new financial instruments, notably in the areas of infrastructure, research and innovation. This includes the promotion of the use of Public-Private-Partnerships (PPPs) and ensuring that the innovative financial instruments are designed and implemented in a consistent and coherent manner. In 2012 a follow-up report on the implementation of the 2009 Communication on PPPs will be prepared. In order to enhance the efficient implementation of the financial instruments, ECFIN continues to work with DG BUDG on improvements in the Financial Regulation and will continue to provide input in the context of the MFF and analytical support and advice to the Group of Commissioners on Innovative Financial Instruments.</p> <ul style="list-style-type: none"> • ECFIN continues to develop new financial instruments jointly with other Commission services and the EIB Group as well as other IFIs: The new fund under the EEPR for the support of municipalities' 		

investment programmes which became operational in the first quarter 2011, is close to finalising its first investment and has a substantial pipeline for 2012. The ELENA 2011 contract with the KfW has been finalised, while the contracts with EIB and CEB are scheduled for signature late 2011. It is intended to simply and harmonise the current ELENA actions into a single 2012 facility which will also see the inclusion of an EBRD action. DG ECFIN's proposal for a pilot phase for the Europe 2020 project bond initiative was adopted by the Commission on 19 October 2011 and will now be transmitted to the Council and European Parliament for decision in 2012. Finally, the concept for the infrastructure instruments under the new Connecting Europe Facility will be further developed by DG ECFIN in close cooperation with the relevant Commission services with the aim of having a proposal ready by end 2012.

- ECFIN will continue to contribute to the design of a number of specific financial instruments in various policy fields: a) financial instruments in the area of research, development and innovation under the proposed Horizon 2020 programme; these instruments will build on current RSFF and GIF early stage venture capital instruments under CIP; b) financial instruments under the European Competitiveness and SMEs Programme, that will build on the experience gained with the current CIP. ECFIN also contributed to the design of off-the-shelf instruments that can be implemented by Member States in the next MFF in the context of Structural Funds. Furthermore, ECFIN provided advice on the design of the Student Loan Guarantee Facility and on financial instruments for the cultural and creative industries (CCI).

- *CIP and European Progress Microfinance Facility financial instruments in support of entrepreneurship and innovation:* After concluding the series of "EU finance days for SMEs" in 2011, participation in 5-10 conferences and seminars is foreseen for 2012. Specific information material to be distributed on conferences is available and is updated regularly: leaflets about the CIP financial instruments, European Progress Microfinance Facility and a brochure with CIP "success stories". Dedicated information about the financial instruments is provided and updated on the ECFIN and other websites. A specific website targeting final beneficiaries of the CIP financial instruments is run together with the European Investment Fund (EIF): www.access2finance.eu. In addition, newsletters like the ECFIN e-news will be used to spread topical information.

In January 2012 a specific conference on "Financial Instruments for SME Innovation and Competitiveness" will take place in Luxembourg, organised by the EIF and DG ENTR with contribution from DG ECFIN. For 2012 it is also planned to publish regularly press releases via the Europa Press Server, providing information about milestones reached or specific events in relation to the financial instruments.

Complementary communication measures to those listed above are carried out by other parties involved, in particular by the EIF, DG ENTR and DG EMPL.

- *Financial instruments for infrastructure:* Conferences and seminars will be used to highlight the existence of current financial instruments such as Marguerite, EEEF, ELENA or LGTT, but the main avenue of information about these will be the ECFIN website, which is being expanded in terms of coverage in this area. Further, it is planned to publish press releases via the Europa Press Server or articles in the ECFIN e-newsletter, providing information about milestones reached or specific events in relation to the financial instruments.

The concepts of the "Europe 2020 Project Bond Initiative – Pilot Phase" and further innovative financial instruments will be presented at relevant conferences. Once the legislative proposal for the pilot phase of the Project Bond Initiative has been adopted by EP and Council, information addressing media will be published (press releases, press articles).

DG ECFIN and the European PPP Expertise Centre (EPEC) continue to organise bi-annual meetings of the Private Sector Forum. These events are a source of information for the private sector on the Commission's and EPEC's work on PPP (Public-Private Partnerships) as well as a sounding board for new ideas.

- ECFIN will ensure the preparation as necessary of any meetings of the Group of Commissioners on Innovative Financial Instruments, e.g. by providing overview and discussion documents. The Group's mandate runs until summer 2012.

- The Communication on Innovative Financial Instruments was adopted on 19 October 2011 (COM(2011)622) with a view to creating a concrete framework for the innovative financial instruments,

including a Commission internal coordination mechanism, and concrete rules and guidance on e.g. delivery mechanisms and governance under the EU equity and debt platforms. However, the form which these will take will depend on the final shape of the new Financial Regulation, which is still being negotiated with Council and the European Parliament.

- For the progress with the Group of Commissioners on innovative financial instruments, see above under Specific Objective 1.
- ECFIN will continue to organise, jointly with the European PPP Expertise Centre (EPEC), bi-annual conferences for the PPP Stakeholders' Group (which was initiated by the PPP Communication COM(2009)615) to promote the use of PPPs. The 2011 events focused on public support schemes for PPPs and energy efficiency and environment, respectively. In 2012 the first event will be dedicated on financing gaps as regards larger scale infrastructure investments.

Main expenditure-related outputs for 2012

For (CIP) - cumulated figures for the entire programme period; status of CIP data: 30 June 2011

(a) number of beneficiary SMEs: GIF: 175; SMEG: 142,168

(b) total investment/loan volume leveraged: GIF: EUR 1,637 million (actual intermediary size); SMEG07: EUR 15,650.6 million (estimated SME financing guaranteed)

For (EPMF) - cumulated figures for the entire programme period; status of EPMF data: 31 March 2011

a) number of microloans : 46

b) total loan volume at Final Beneficiary level : EUR 0.173 million

For (MAP) - cumulated figures for the entire programme period; status of MAP data: 30 June 2011

(a) number of beneficiary SMEs: ESU01: 235, SMEG01: 234,413

(b) total investment/loan volume leveraged: ESU01: EUR 1,297.4 million (actual equity vehicle size); SMEG01: EUR 17,118.3 million (total SME financing guaranteed)

For (ELENA)

(a) A minimum total investment volume achieved of EUR 375 million compared to the 2009 EU budget contribution of EUR 15 million. In practice, the expected investment volume amounts to EUR 1,300 million. In 2010, a minimum total investment volume of EUR 375 million compared to the EU budget contribution of EUR 15 million and a minimum total investment volume of EUR 600 million compared to the 2011 EU budget contribution of EUR 30 million. In 2012, a minimum total investment volume of EUR 740 million compared to the 2012 EU budget contribution of EUR 37 million.

For (Marguerite)

(a) EUR 80 million invested in the Marguerite fund with investment activity starting in end 2011/2012.

3. Objective: "To ensure sound and efficient management and follow-up of non-budgetary operations"

Directorate(s) responsible for the implementation of this objective:
Dir L "Finance, coordination with EIB Group, EBRD and IFIs"

Result indicators	Latest known result	Target (result)
Treasury management	Treasury management	Treasury management
A. Active treasury management		A. Active treasury

<p>Continuation of asset management under different mandates, the main being ECSC, providing good return based on low risk assets the interest income on the ECSC portfolio being used by RTD to finance research in the coal and steel sector.</p>	<p>A. Active treasury management</p> <p>The intensification of the financial crisis affected significantly the relative performance of the assets managed by ECFIN in 2011. The volatility of the return increased despite keeping the duration short due to the large movements of sovereign spreads. The relative return compared to the benchmark for the ECSC portfolio turned negative for the 12-months period September 2010 - September 2011 at -5.14 bps per month. The absolute return of the portfolio for the same period is positive of 0.553%.</p>	<p>management</p> <p>Outperform the benchmark by about an average 3bps per month, subject to strategy changes.</p>
<p>B. New mandate Competition fines</p> <p>Implementation of a new mandate for managing the assets obtained by the Commission as provisionally cashed fines from competition cases.</p>	<p>B. New mandate Competition fines</p> <p>Based on the Commission decision of June 2009 for mandating ECFIN-L, a solution comparable to an investment fund has been worked out, with all details set out in a Service Level Agreement between ECFIN and BUDG which has been signed end 2009. The so-called BUFI Fund has become operational during 2010 and by end September 2011 reached a size of almost EUR 1.4 billion.</p>	<p>B. New mandate Competition fines</p> <p>Efficiently manage the new inflows of fines and fine-tuning of operational aspects. Actual return (excluding direct costs) at least as high as the guaranteed return.</p>
<p>C. Mandates as Asset Management Designated Service (AMDS)</p> <p>Monitoring of certain asset management mandates outsourced under which the EIB invests off-budget funds on behalf of the Commission.</p>	<p>C. Mandates as Asset Management Designated Service (AMDS)</p> <p>The absolute performance of the assets managed by the EIB on behalf of the Commission in the first 3 quarters of 2011 was positive. In terms of relative performance, all but one of the portfolios underperformed their benchmarks. The underperformance ranged from -19 bps for RSFF to -59 bps for LGTT and -62 bps for GFEA. The FP7 portfolio outperformed its benchmark by 25 bps. The main driver of this uneven performance was the different exposure to countries most affected by the financial crisis (Greece, Portugal, Ireland and Italy). Risk and performance reports, based on investment strategies agreed between EIB and ECFIN, have been constantly monitored and are satisfactory.</p>	<p>C. Mandates as Asset Management Designated Service (AMDS)</p> <p>Establish investment strategies for 2012 and monitor the implementation in 2012 with a view to coherently building on the 2011 strategy and its implementation results to show an outperformance of the respective benchmarks.</p>
<p>Management of borrowings</p> <p>Execution of all borrowing operations for EC-BoP, EC-MFA, EC-Art. 122 and Euratom at spread levels that are typical for first class Sovereign Supranationals and Agencies (SSA) sector borrowers</p>	<p>Management of borrowings</p> <p>Up to November 2011, ten funding operations, totalling EUR 29.476 billion, were carried out by ECFIN-L concerning EFSM, BOP and MFA.</p> <p>EUR 1.35 billion was borrowed in two tranches and on-lent for balance of payments support to Romania. EUR 126 million was raised for lending to Armenia and Serbia under MFA support. Further to the activation of EFSM in November 2010, seven borrowing operations took place in the first half of 2011 for on-lending to Ireland (EUR 13.9 billion) and Portugal (EUR 14.1 billion).</p>	<p>Management of borrowings</p> <p>Execute all legal mandates for borrowing and lending with a view to obtain best market terms in favour of the loan beneficiaries.</p>

	<p>The achieved terms were initially similar to the ones obtained by institutions comparable in terms of rating and shareholders to the EU (EIB) and by other first class SSA sector borrowers, improved with the sequence of issuances and has now obtained a level below most of the before mentioned issuers.</p>	
<p>Management of the Stability Support for Greece</p> <p>Management of disbursement and of capital and interest repayments as well as rebalancing mechanism.</p>	<p>Management of the Stability Support for Greece</p> <p>Three instalments of the Greek Facility were disbursed in January, March and July 2011 for a total amount of EUR 26.1 billion. A further EUR 5.8 billion disbursement is planned by the end of the year (subject to political approval).</p> <p>At the end of July 2011, a total of five disbursements have been carried out since the activation of the Facility in 2010 for a total amount of EUR 47.1 billion.</p> <p>In 2011, the individual funding cost of some of the bi-lateral lenders exceeded the interest rate charged on the loans to Greece. A methodology to address this issue by compensating the lenders having a higher cost of funding was proposed by ECFIN-L already in 2010 and accepted by the participating lenders.</p> <p>Although these loans are provided by Member States, the process is coordinated by the Commission.</p>	<p>Management of the Stability Support for Greece</p> <p>Execute the coordinating role of the Commission for the Member States in a timely and accurate way. Efficient and correct execution of payment flows between Greece and the contributing MS.</p>
<p>Main policy outputs for 2012</p>		
<p><u>Borrowing and lending activities:</u></p> <ul style="list-style-type: none"> • ECFIN will also continue to be involved in supporting the joint efforts of the Commission with the ECB and the IMF to address the consequences of the financial crisis in particular concerning the different financial instruments and facilities like the EFSM, the EFSF, the Greek Loan Facility and the ESM. • The support provided by the EFSM Facility to Ireland and Portugal will continue in 2012. According to current plans, the EFSM would borrow EUR 14 billion for both countries, out of a total EU contribution (EFSM+EFSF) of EUR 27 billion. • ECFIN will continue to administer the pooled loans under the current Greek Loan Facility. Although no further disbursements are currently envisaged after the sixth tranche, the administration of the disbursed tranches (including the rebalancing exercise after the closing of the programme) will need to be continued. • ECFIN will continue to be responsible for the borrowing, lending and back-office of operations under the MFA and BOP facilities. • A loan to Ukraine under the Euratom loan facility is expected to be signed in 2012. The relevant borrowings will be done once the conditions precedent to the loan are fulfilled. <p><u>Treasury and Guarantee Fund management</u></p> <ul style="list-style-type: none"> • Annual report from the Commission on the Guarantee Fund and the management thereof in 2011 • Report to the budgetary authority on guarantees covered by the general budget - Situation at 31 December 2011 		

- Report to the budgetary authority on guarantees covered by the general budget - Situation at 30 June 2012
- Report on borrowing and lending activities of the European Union in 2011
- Advise on financial market development for borrowing and lending activities and in relation to market related policy decisions

Off-budget Accounting including ECSC in liquidation and contribution to the Financial Statements of the Commission

- The Financial Report ECSC in Liquidation at 31 December 2011 will be adopted by the Commission in 2012.
- The 2011 audited financial statements concerning the financial instruments under the responsibility of DG ECFIN will be consolidated with the 2011 financial statements of the Commission and/or the EU.

Management of Euratom loans and other nuclear matters

- The assessment of the loan application together with the EIB and the EBRD on the Safety Upgrade Programme for all nuclear units in Ukraine will continue. The loan agreement is expected to be signed in 2012. The relevant borrowings will be done once the conditions precedent to the loan are fulfilled..
- The update of the Cooperation Agreement with the EIB for Euratom loans in Member States will be pursued in 2012.

Main expenditure-related outputs for 2012

Provisioning of the Guarantee Fund for external actions: EUR 260.17 million is foreseen to be transferred to the Fund for 2012.

In case of Euratom loans, the cost of the preparatory works of the Commission will be covered by the EU and charged to the loan beneficiary.

5. Horizontal activities

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

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

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

This Activity includes the following functions:

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

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

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

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

Indicator	Latest known result	Target
Delivery rate of initiatives foreseen in the Commission Work Programme	All initiatives delivered as planned.	100% initiatives delivered on time
Main outputs		
<p>General management and coordination (DG, DDG, assistant)</p> <p>To ensure the effective management of DG ECFIN in accordance with defined priorities; to assist the Director General; to ensure the appropriate contacts with the Commissioner and his cabinet and the appropriate follow-up.</p> <p>Operational support to general management</p> <ul style="list-style-type: none"> - Administrative support for the activity: secretarial work and filing system; organisation of conferences and meetings - Financial management of the activity: budgetary programming for the actions under this activity; 		

commitments and payments

- Training attended by the staff working under this activity

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

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

Indicator	Latest known result	Target
Timely preparation and delivery of the various elements of the Strategic Planning and Programming cycle (CLWP, MP and AAR)	In 2011, the contribution to the activity statements for the Preliminary Draft Budget (PDB) 2012, the Annual Activity Report (AAR) 2010, and the contribution to the Commission Work Programme (CWP) 2012 were delivered timely.	All documents within the deadline
Main outputs		
Strategic planning and programming		
Coordinate, prepare, monitor and report on the annual Strategic Planning and Programming cycle (SPP contributions to central services and implementation in the DG).		
Coordinate agenda planning contributions and follow-up.		

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

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

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

Indicator	Latest known result	Target
Degree of implementation of the annual evaluation plan	6 new evaluations launched as planned. 1 evaluation completed as planned.	Number of evaluation launched: 100% Number of evaluations completed: >=80%
Main outputs		
Evaluating the DG's policies and programmes; co-ordinating and providing methodological support to impact assessments		
The main objective of the evaluation function of DG ECFIN is to support organisational learning, improve the effectiveness of activities and programmes, and to increase accountability and transparency through the promotion of high quality and timely evaluation.		
In 2011, the evaluation function of DG ECFIN will continue to coordinate and monitor the external evaluation started in 2010 related to the Euratom Loan Facility. It will launch evaluations related to the MFA and BoP assistance operations and business consumer surveys using the new DG ECFIN framework contracts.		
To liaise with central services on the further development of the impact assessment process and on administrative and legislative simplification inside the Commission. To provide methodological support on impact assessments inside DG ECFIN.		

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

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

Indicator	Latest known result	Target
Increase in knowledge among the general public of the euro and EMU, as measured by specific surveys.	According to the latest Eurobarometer results (Flash EB 306, fieldwork Sept. 2010), euro-area citizens are more and more accustomed to calculating in euro. 67% (+3 pp) used the euro as a mental benchmark when making common purchases, and a growing relative majority (48%, +4 pp) counted most often in euro when considering exceptional purchases. An overwhelming majority of euro-area citizens (90% of respondents) found it very easy or rather easy to distinguish or handle euro banknotes, and 72% euro coins.	To increase the knowledge on the euro and the EMU among the general public
Increased public knowledge of the changeover to the euro and involvement by the general public and business sector in the new Member States, as measured by specific surveys.	In the new Member States not yet in the euro area (i.e. NMS-8), the results of the spring 2011 survey (Flash EB – 329) reveal a stable level in the perceived information level on average. 40% in the NMS-7 felt rather or very well informed.	To increase the knowledge on the euro changeover, euro and the EMU among the general public

Main outputs

Co-ordination and implementation of the external information and communication strategy of the DG

DG ECFIN is pursuing a continuous communication effort on euro and EMU. DG ECFIN actively communicates on the European Semester and the reform of the Economic Governance. The new legislation (six-pack) strengthens the Stability and Growth Pact, introduces the mechanism for preventing and correcting Macroeconomic Imbalances and improves the economic governance in the euro area and in the EU. DG ECFIN's communication actions are targeted at the stakeholders and the wider public in order to explain the Commission's active role in responding the economic crisis and improving economic governance in the EU. It is important to ensure the understanding and support for the common currency and EMU, including the rationale behind Maastricht criteria, Stability and Growth Pact and the importance of long term sustainability of the public finances. ECFIN explains how these will help to exit the crisis, restore economic stability and ensure economic growth and job creation in the EU.

The reform of the Economic Governance, proposed by the Commission in 2010 entered into force in Autumn 2011. In line with the Commission's 2012 strategic priorities and the Commission's Communication 'A roadmap to stability and growth', DG ECFIN will actively communicate on the new legislation and the positive impact improved economic governance is expected to have on the economic stability, preventing future crises and restoring jobs and growth in the EU. The communication efforts related to the improvements in the economic governance form an integral part of the main communication focus of DG ECFIN: to explain the added value of the European semester and to highlight the Commission's contribution to the EU's comprehensive response to the crisis, including the Euro area backstop mechanisms and frontloading stability and growth enhancing policies.

Communication objectives

DG ECFIN's communication actions are targeted at stakeholders such as economists and economic journalists, while reaching out to the general public is the key in order to explain the rationale behind the Commission's proposals. ECFIN explains how these will help to exit the crisis, restore economic stability and ensure future economic growth and job creation in the EU.

It is important to ensure the understanding and support for the common currency and EMU, including the rationale behind Maastricht criteria, Stability and Growth Pact and the importance of long term sustainability of the public finances.

ECFIN intends in particular to make information related to the euro and EMU and related policy developments available to the general public via brochures, AV-material and the internet, to organise seminars, conferences, exhibitions and other events, to conduct opinion polls to assess citizens' views, and to promote the exchange of best practice amongst Member States through twinning arrangements. DG ECFIN may also implement euro related and/or conduct a limited advertisement campaign.

Providing expert audiences, like academics, financial analysts, journalists and other interested parties with comprehensive information on our EMU surveillance related activities is another priority. This will be particularly relevant in 2012 in the context of the implementation of the recent six-pack legislation. The absence of substantial economic growth and persisting negative trend in some labour markets will keep DG ECFIN's economic and fiscal policy work and the follow up on the Economic Governance and Europe 2020 strategy in the spotlight of public interest. To provide appropriate support to DG COMM (SPP and Representations) about ECFIN's policies in the media will be crucial in this respect.

An active and well – prepared communication is crucial in the countries entering the final stage of the preparations for euro adoption. The success of the euro changeover is largely dependent on public acceptance and thus on effective changeover communication campaigns. Changeover related communication activities in 2012 are dependent on the outcomes of 2012 Convergence report. While no changeover is expected to take place in 2013, preparatory work in several pre-in countries will continue.

Editing of ECFIN documents

Providing editing assistance for the preparation of ECFIN documents, in particular speeches and publications addressed to a broader audience

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

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

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

Indicator	Latest known result	Target
% of best practices identified in the internal communication area which are put in practice by the DG	Internal communication strategy was adopted in January 2009, on the basis of the Commission-wide best practice guidelines. It includes 13 action points, most of which had been fully or partially implemented by Autumn 2011. Improvements include: use of new information media such as electronic newsletter; increased reporting on management decisions; use of collaborative IT tools; and integration of IC into working methods.	Gradual implementation of agreed actions, to be monitored via twice-yearly reporting.
Feedback on existing internal communication	Newly introduced video-briefings by Director General well received by staff. Survey on staff newsletter conducted in May 2009 with a strongly positive result. 94% of respondents believed that the newsletter contributed to internal communication. Ongoing contribution to promotion of shared expertise via Speakers Pool – repository of ECFIN presentations.	Maintenance of existing internal communication tools

Main outputs

Co-ordination and implementation of the internal information and communication strategy of the DG

To keep DG ECFIN staff informed of developments occurring in the Commission and in the DG; to communicate effectively the management of the DG; to have staff at all levels involved in improving internal communication. To further develop the internal communication strategy.

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

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

Indicator	Latest known result	Target
Backlog of Parliamentary questions.	From 2009 to 2010 the number of Parliamentary questions (EPQ) for DG ECFIN more than doubled (from 287 to 660), and the number at the end of the year (1 November) is already bigger than the data of 2010 (764, it will likely reach 800). End June 2011 the figure of 454 PQ was reached, already more than 2/3 of the total number for 2010. Until 1st November 2011, the number of questions significantly grew to 764 (587 in 2010 at the same period). ECFIN is dealing with an average of 80 questions all the time (of which more or less 50 in the lead). Despite the systematic increase of EPQs since 2009, the total number of questions not answered on time (black list) is kept under strict control and limited to only a few, even grew down. The backlog has been absorbed.	Number of blacklisted Parliamentary questions (not answered on time) by DG ECFIN close to zero.
Main outputs		
Inter-institutional relations		
Co-ordinate the relations with the other institutions and ensure appropriate contacts with the European Parliament, the Council and the other institutions in particular to facilitate trilogue talks between the institutions on the legislative package on strengthening economic governance.		

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

Assess the quality and effectiveness of control systems in place, recommend and advise the Director-general in an independent and objective manner on sound and efficient management of the operations and resources within the DG so that the Director General can discharge overall responsibility for it.

Indicator	Latest known result	Target
Audit reports issued in the framework of the agreed annual working plan	Work Programme for 2011 provides for 7 audits, (being the finalisation of 1 carried over from 2010 and 6 new audits) and 4 follow up audits. At 30 November 2011, 4 audits were finalised by IAC and 2 were at an advanced stage (one of them is a joint audit with IAS). As far as follow up audits 2 were finalised and 1 was at an advanced stage.	>=80%
Level of acceptance by the auditees of IAC audit recommendations	4 audit reports issued including 24 recommendations, 22 were accepted and 2 were partially accepted by auditees.	>=80%
Degree of implementation of audit recommendations based on follow up audits carried out	2 follow up audits were finalised: the IAC assessed 18 recommendations as implemented and 2 as still in progress.	>=80%
Main outputs		
Assurance services		
In accordance with the annual audit work programme approved by the Director-General, carry out compliance, financial or operational audits in order to ensure for the audited activities or processes that:		
<ul style="list-style-type: none"> - Financial and management information is reliable and complete; - The operating systems comply with regulations, rules, policies and procedures; - Procedures for the safeguarding of assets and the discouragement and detection of fraud are in force; 		

- The activities and operations of the DG are carried out with due regard to economy, efficiency and effectiveness

Relations with the audit community

Relations with the Commission's audit community (Auditnet, other IACs, and IAS) and the ECA: ensure a regular and active participation in the Auditnet and the relevant working subgroups.

Maintain a smooth, constructive and transparent liaison with the Internal Audit Service. Transmit within the required deadlines the quarterly and annual activity reports and the finalised audit reports as foreseen by the relevant Commission decisions. Act as a liaison point between ECFIN and the Court of Auditors. Maintain a regular and helpful relationship with its auditors in order to facilitate as far as possible the carrying out of their audits in a timely and efficient manner.

Consulting services

Consulting services, notably on AAR process, internal control system and risk management: assume an advisory role on major changes in organization or processes and respond to consultation from the Director General or the Directors on specific topics but notably control systems and risk management.

Ensure an advisory role in the AAR process and issue an opinion on the state of control in the framework of this report. The Head of Unit also has an observer post in the Internal Control Management Group.

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

To continue to contribute to the formulation, co-ordination and surveillance of economic and financial policies in the EU through the smooth and efficient functioning of both the Economic and Financial Committee (EFC) and the Economic Policy Committee (EPC), as well as their subcommittees and working groups, in particular as regards administrative and general support. This includes the preparation of reports and opinions for the EFC, the EPC, the Council and the Eurogroup; as well as Ecofin and Eurogroup draft conclusions and statements. Moreover, it is to be noted that this objective would next year be affected by certain recent developments regarding enhanced euro-area economic governance, notably as the 26 October Euro Summit decided on the creation of a Brussels-based permanent Eurogroup Working Group (EWG) President and a more permanent sub-group, meeting more frequently, to support the work of the EWG.

Indicator	Latest known result	Target
Number of workshops, conferences and meetings	113	106
Number of teleconferences	137	66
Number of notes and reports (documents registered in ARES)	244	314

Main outputs

Secretariat of the EFC and the EPC

The Treaty (Art. 114) describes in detail the mission of the EFC (Economic and Financial Committee). The Committee is i.e. the main forum for the preparation of discussions and decisions at ministerial level in both the Eurogroup and the Ecofin. The EPC (Economic Policy Committee) is a sister committee concentrating on specific areas of competence decided by the Council. Both committees are assisted in their tasks by a number of working groups. The Commission (DG ECFIN) not only provides the administrative and logistical support to both Committees (through the Secretariat of the EFC/EPC, which is headed by an ECFIN Director), but is also represented in both Committees, and contributes to their activities to a considerable extent. The Secretariat also provides support for the President of the Eurogroup.

Activity "Administrative Support for DG Economic and Financial Affairs"

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

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

The Activity includes the following functions:

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

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

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

Input indicator	Latest known result	Target
<p>Resources devoted to ex ante and ex post controls</p> <p>Resources devoted to analysis and verification of applications, programme monitoring and initiation of financial transactions and verification of trust accounts</p> <p>Resources devoted to control of off-budget operations</p>	<p>The ex-ante verification sector in the Financial Unit consists of five staff members.</p> <p>The ex-post control team counts 4 posts.</p> <p>The Internal Audit Capability is composed of 3 auditors and 2 assistant auditors.</p> <p>Additional input needs to be taken into account for some specific activities of DG ECFIN relating to the Activity "Financial Operations and Instruments" (for this FOI Activity, each staff is expressed both in terms of "number of staff" working on a specific activity as well as in terms of FTE man/month since for business continuity purposes several staff members work on a specific control):</p> <ul style="list-style-type: none"> • Concerning programmes managed via international financial institutions, 171,5 FTE (23 people) ensure the verification of transactions. In addition, the financial statements regarding the programmes are certified by external auditors. • Concerning the off-budget operations, the following controls are organised: <ul style="list-style-type: none"> level 1: verification of borrowing/lending operations: 34 FTE (9 staff) level 1: verification of Treasury operations (back office): 15 FTE (4 staff) level 2: authorised signatures: 0,5 FTE (5 staff) level 3: SWIFT validation: 2 FTE (7 staff) level 4: bank account reconciliation: 9 FTE (3 staff) <p>Moreover, the financial risk management function is ensured by 29 FTE (3 staff). Additional checks are carried out by external auditors.</p> <ul style="list-style-type: none"> • Concerning the management of the Guarantee Fund for external actions, the monitoring function is ensured by 6 FTE (3 staff), the financial risk management function by 1 FTE (2 staff). <p>Additional input needs to be taken into account for some specific</p>	<p>Sufficient resources for ensuring implementation of the objective.</p>

	<p>activities of DG ECFIN relating to the Activity "International Economic and Financial Affairs" and "Economic and Monetary Union":</p> <ul style="list-style-type: none"> • Concerning BoP assistance facility: 2 FTE (1 staff member) PLUS ECFIN BRUSSELS for the development, monitoring and implementation of medium-term financial assistance to Member States outside of the euro-area, including coordination with international institutions (IMF, WB, others). • Concerning financial assistance programmes to euro area Member States: 148 FTE (14 staff members) for the development, monitoring and implementation of medium-term financial assistance to euro area Member States, including coordination with IMF and Member States. <p>[Comment: for the calculation, the following ad hoc criteria were used: Number of staff = number of desk officers assigned to financial assistance country + HoU. FTE = Number of staff * 6 for BoP country, 8 for IE/PT, 10 for EL].</p> <ul style="list-style-type: none"> • Concerning MFA operations: 3 FTE (3 staff) PLUS ECFIN BRUSSELS for the development, monitoring and implementation of macro-financial assistance with candidate and potential candidate countries. • Concerning BUFI/FIN1 operations: 15 FTE (7 staff) PLUS DG BUDG for the development, monitoring and implementation of the asset management for BUDG. • Concerning EFSM assistance facility: 6 FTE (7 staff) PLUS ECFIN BRUSSELS for the development, monitoring and implementation of medium-term financial assistance to Member States, including coordination with international institutions (IMF, WB, others). • Concerning the Member States loan to Greece: 4 FTE (7 staff) PLUS ECFIN BRUSSELS for the development, monitoring and implementation of financial assistance by the Member States to Greece. 	
Output indicator	Latest known result	Target
Number of programmes audited during ex post controls compared with total number of programmes	Four out of ten major programme categories. ¹	6/10
Ratio measuring sampled expenditure checked during ex post controls compared with total expenditure for the project or (in other cases) programme/facility under review	It is not meaningful to produce a single global indicator in a DG with many diverse activities many of which are multi-annual.	N/A
Result indicator	Latest known result	Target
Degree of implementation of action plans for critical risks compared to the agreed planning	No critical risk was identified by DG ECFIN in 2011.	100%
Number/ value of cases referred to OLAF for investigation compared	No case submitted to OLAF in during 2011	NA

¹ Programme categories: SMEG, Venture Capital Facilities (ETF S/U, GIF, etc), SMEFF, other IFI facilities (MFF, MIF, Prep action, etc), MFA, Surveys, Prince, Other budgetary, Off-Budget.

with total programme expenditure		
Ratio of ex-post observations accepted as factually correct over number of observations issued (qualitative)	This ratio cannot be calculated at present, as only one new report has been issued, and the replies from the operational unit on this report were not yet received.	>=80%
Impact indicator	Latest known result	Target
Overall assessment of the supervisory and control systems	<p>The financial organisation adopted by the DG has now been in place for eight years and has come to maturity. The implementation of DG ECFIN's budget in 2011 has been largely satisfactory thanks to a good implementation of the existing regulatory framework by most financial actors.</p> <p>In the context of the action plan which was set up as a follow up to the problems which led to reservations in the AAR 2006 and 2007, corrective actions have been implemented, which have contributed to a significant improvement of the internal control systems.</p>	Effects of the controls on AOD's and third parties' assurance regarding the legality and regularity of expenditure are satisfactorily demonstrated and followed up, leading to an improvement of the internal control systems.
Main outputs		
<p>Co-ordination and support in the areas of internal control, risk management and business continuity</p> <p>To contribute to the implementation and continual improvement of the control systems of DG ECFIN, the Internal Control Management Group ensures overall co-ordination, assessment, monitoring and reporting on these issues.</p> <p>Provision of support and coordination to the DG's risk assessment and management exercises.</p> <p>Ensuring follow-up of actions defined in the context of the AAR, the Synthesis and audits, ex-post controls, evaluations and risk assessment exercises, including the co-ordination of the Court of Auditors discharge procedure for DG ECFIN.</p> <p>Coordination of the establishment and implementation of DG ECFIN's business continuity plan.</p>		

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

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

Ensure the right accounting of budget-based financial operations.

Indicator	Latest known result	Target
Percentage of payment files executed within contractual time (target: >90%)	Objectives were almost met towards year-end with 87% of payments being paid in time.	At least 90%
% of budget execution (commitments) with respect to annual and final budgets (target >90%, excluding MFA lines)	Situation towards year-end (99.4%, including MFA) points to an extremely high level of budget execution in 2011.	At least 90%, excluding MFA lines
% of budget execution (payments) with respect to annual and final budgets (target: >80%, excluding MFA lines)	Situation regarding payments (81.7%, excluding MFA) is less satisfactory but nevertheless exceeds the 80% target.	At least 80%, excluding MFA lines

Number of financial exceptions (target: keep stable/reduce the number of financial exceptions; 100% of decisions to override negative opinions on transactions are properly registered each year)	The number of overrides towards year-end (8) is relatively stable compared to previous years (7 in 2010 and 6 in 2009) and definitely below the peak registered in 2008 (17). It also appears very reasonable compared to the total number of transactions (approx. 951 towards year-end).	Keep stable/reduce the number of financial exceptions; 100% of decisions to override negative opinions on transactions are properly registered each year)
Number of recovery orders per ABB activity	114 recovery orders were issued, most of which (111) relate to the ABB activity "Financial Operations and Instruments".	

Main outputs

- Prepare and negotiate title '01' of the EU budget (economic and financial affairs); ensure budget execution and associated monitoring.** Estimation of budgetary requirements in consultation with operational services, and incorporation of these estimates in the annual Draft Budget along with supporting material. Monitoring developments throughout the annual budgetary procedure. Subsequently, preparation of proposals for rectifying budgets and budgetary transfers, including the clearing exercise of the global envelope and the end-of-year global transfer procedure.

Allocation of budgetary appropriations between services on the basis of established objectives and priorities, notably through the ACUR (Advisory Committee on the Use of Resources) vetting process. Establishment of initial and revised Annual Implementation Plans; follow-up of reports on potentially abnormal RAL.
- Provide advice on budgetary procedures and financial management; internal and external reporting.** Provide advice to Authorising Officers by Sub-Delegation (AOSD) and to Operational Initiating Agents (OIA) on budgetary, tendering and contractual questions, and on payments and recoveries. Ensure that unit R2's intranet provides the necessary guidelines for operational services. Establish regular and ad hoc reports on budgetary consumption, e.g. the quarterly 'tableaux de bord', carried out for the management of the DG and in response to requests from external services (in particular DG BUDG). Prepare an annual Management Report on financial activities in the context of the Annual Activity Report exercise. Prepare requests for inclusion in Early Warning System, responses to court orders attaching payments to contractors and contributions to inter-services consultations in the financial field.
- Financial archives and administration.** Maintenance of secure financial archives in Brussels and Luxembourg and retrieval of material stored in them.
- Financial initiation and ex-ante verification.** In collaboration with the OIA, assist the AOSD in the preparation of financing decisions, budgetary commitments (including publication of prior information notices and of Calls for Tenders and for Proposals), payments and recovery orders in accordance with Financial Regulation and ACUR approvals. Encoding in ABAC/SINCOM and depositing in financial archives. Ex-ante verification of budgetary and legal commitments, payments and recovery orders before authorisation by the AOSD.

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

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

Indicator	Latest known result	Target
HR Capacity utilisation	93.6% (source: Sysper2)	96.6%
Sick leave as a % of working time	Sick leave: 2.2%	=<3%
Mobility rate (staff turnover)	10.9 % 71 officials have been transferred within ECFIN since the beginning of the year, representing officials on 10.9% of ECFIN's establishment plan posts in 6	6%

	months.	
Utilisation of training budget	98% of the training budget provided by DG HR (including a reinforcement of 66.000,00€ received in the framework of the clearing exercise) have been used on 06 December 2011 to organize 58 learning activities.	100%
Flexible working arrangements: provision of temporary/cover staff for all staff on parental/part-time leave of 50% or more	Temporary cover was provided in the case of 40% (FTE – full-time equivalent) of absences for parental/part-time leave (according to the general policy of the Commission, cover is provided for absences of 3 months or more, or 50% part-time for 3 months or more).	100%
Gender breakdown by grade (targets) 1. Women in AD category (non-management) 2. Women in AST category 3. Women to occupy Deputy Heads of Unit or Heads of Sector posts 4. Women to occupy middle management posts 5. Women to occupy senior management posts	1. Women as a percentage of the AD workforce: 31,4% 2. Women as a percentage of the AST workforce: 66,5% 3. Women as a percentage of DHoU/HoS workforce: 20,9% 4. Women as a percentage of HoU workforce: 23,5% 5. Women as a percentage of senior management: 14,3% Note: For management posts, percentages have been calculated on the basis of filled posts. For senior management in particular, this has inflated the proportion of women.	* * 3. At least 26% 4. At least 22% At least 25% *new targets to be defined in ECFIN EOG action plan 2010
Satisfaction survey of provision of HR services	No specific survey on satisfaction with ECFIN's HR services was carried out in 2010, given that a Commission-wide staff satisfaction survey addressed this question and just 47% of respondents stated their satisfaction with the services provided by ECFIN's HR team (160 staff members took part in this survey, representing 26.2% of all working staff).	At least 50% participation and 60% good and above comments in feedback
Main outputs		
<p>Staff and job management; mobility; working environment and organisation; equal opportunities implementation and mid-term review</p> <ul style="list-style-type: none"> - Monitor and take steps to improve vacancy rate: in this context, R1 provides a report on open vacancies in advance of each directors meeting which is circulated by the DG's assistant to directors. The reorganisation has led to a substantially higher number of vacancies to be filled due to additional resources being made available to DG ECFIN. Recruiting officers continue to be supported by R1 recruitment team. - Ensure the smooth and effective management of the appraisal, objective-setting and promotion exercises, as well as the attestation and certification exercises. - Effective implementation of secondment and exchange procedures. - Manage and oversee the implementation of a flexitime system, and monitoring of its impact; ensure efficient management of leave and absences, including regular monitoring of absence rates and take-up of leave entitlements. - Provide staff and candidates interested in ECFIN with appropriate information on HR issues. <p>Learning and career development</p> <ul style="list-style-type: none"> ▪ Set policy context and priorities for learning and development in the DG, as expressed in the annual 		

learning and development framework (LDF), with particular focus on professional economics, statistics and finance training, communication and senior and middle management,

- Ensure implementation of commission-wide learning and development policy within the DG,
- To be responsible for the overall implementation of the LDF, as updated in the course of the year following the DG HR clearing exercise,
- Provide a high-quality career guidance service, and training in competences development for all categories of staff,
- Support organisational development in the DG, including equal opportunities issues

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

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

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

Indicator	Latest known result	Target
Average time to resolve the problems related to standards IT applications/infrastructures	No known problems except during the 'Brussels flood disaster'. The statistics are not readily available from the SMT Report.	Critical: <=60 minutes (95% of incidents) Urgent: <=120 minutes (95% of incidents)
Percentage of critical and urgent incidents responded and resolved within the defined time limit	The statistics below are not applicable for the period of the 'Brussels flood disaster'. 100% of critical tickets were responded within the defined limit - 100% were resolved in less than 1h. 66% of urgent tickets were responded within the defined limit	Critical: 95% responded within 15m - 95% resolved or re-assigned within 1h Urgent: 95% responded within 15m - 95% resolved or re-assigned within 2h
Percentage of projects having clearly identified business owner and reported in GovIS	100% of active projects. All projects and IT systems that are not under R4 responsibility are not reported in Govis. R4 will contact all Units in order to make a full Govis inventory of all IT systems and projects of the DG.	100%
Number of IT trainings organised locally for ECFIN staff	4 (trainings put on hold in view of expected migration to Windows 7 and MS Office 2010)	
Staff participation in satisfaction survey on the quality of IT support service and relevance of the received feedback	Results of the survey done in the beginning of 2010: - overall 77% positive comments - IT Helpdesk: 90% satisfaction - local IT support: 92% satisfaction	70% good and above comments, with a view to an annual increase of positive comments of 5%
Quality of IT equipment inventory	0,22% All IT equipment localized in Luxembourg during the most recent exercise (2/2011).	Ratio of "not found" IT equipment in a given year <1,5%

Main outputs

Ensure the management of local IT resources; information management; coordination with DIGIT: This action relates to the administrative management of IT resources allocated by DIGIT for infrastructure (equipment, training, and user support), contracts and the IT inventory. Management of IT budgets for the development and maintenance of Information systems. Ensure security and data protection for the local information systems and office automation. Implementation of security rules and follow-up of internal and external audits for financial systems. Liaise with DIGIT on IT governance; participate in working groups and CTI.

Develop, implement and maintain information systems, including the local system administration (LSA) and database administration (DBA): This action covers project management and information system development using Commission's standard tools (RUP@EC), application development, implementation and maintenance of IT applications. It includes the local IT infrastructure administration, the local system administration (network, clients and servers) and database system administration

IT training and support: Based on information gathered from the local helpdesk and the user support team, the local IT staff defines and organizes training actions and workshops. The same applies for statistical and economic packages or specific applications.

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

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

Manage the DG's physical assets and office space effectively.

Indicator	Latest known result	Target
% of citizens' mail answered before 15 working days	Concerning the requests for public access to documents: of the 88 requests received so far in the year, only 3 replies were sent with a delay because the search for documents demanded a lot of time, meaning 96.5% were answered within 15 working days (01/01-31/08/2011).	100%

Main outputs

Logistics management and Document management (CAD):

- Improve and facilitate the work of DG ECFIN by ensuring that the Directorate General gets effective logistical support; ensure an optimum use of space and equipment allocated to the DG; maintain the DG's inventory; register and distribute incoming and outgoing mail within 24 hours;
- Provide support and assistance for the use of the Commission tools to register documents (ARES); coordinate the launch and the assignment of Inter-Services Consultations; manage the complaints received in CHAP; deal with the application of the DG's filing plan (DMO), including the use of the IT tool NOMCOM.

ANNEXES

Annex 2. Internal control standards for effective management

Below is the list of ICS on which DG ECFIN intends to put emphasis in 2012 with the objective to improve their effectiveness.

ICS#3, 7, 8 and 10 are selected in the 2011 ECFIN MP following the 2010 major reorganisation of the DG and have been carried over. Except for the first one (ICS#3), they can be addressed simultaneously through a significant revision of the Unit Manuals.

Standard	Brief description of the reasons for prioritisation (if the Standard was prioritised in n-1 state the reason for continuing to do so)
<p>ICS#3</p> <p>Staff allocation and mobility</p>	<p>In order to deal with financial crisis as well as the subsequent sovereign debt crises and fully assume its role in reinforcing decisively EU economic governance, the College adopted a substantial reorganisation package for DG ECFIN, accompanied by a substantial reinforcement of human resources. It took force on 16 September 2010.</p> <p>ECFIN is engaged in re-designing and implementation of the new governance framework for EMU, including a deepening and broadening of the surveillance at country level. At the same time, there is a need for a greater involvement and contribution of horizontal services within ECFIN to country surveillance (including macroeconomic imbalances), so as to bring in their particular expertise and insights.</p> <p>As such, it presents staff members with a challenge. Unprecedented number of new members had to be integrated and the existing staff needs to adapt to new tasks continuously. In this context the results of the recent staff satisfaction survey are particularly alarming, namely, it seems that the stress levels and at times extreme demands are taking their toll and leading to the loss of enthusiasm and confidence among a large number of DG ECFIN staff.</p> <p>The selection of this ICS should contribute to the success of the reorganization, which depends on ability of the management to align the organizational structures and staff allocations with priorities and workload whenever necessary. After the transition period the positive impact of reorganization should be visible in lower vacancy rates, reduced turnover of staff and reduced reliance on overtime and more importantly in improve quality of services provided.</p>
<p>ICS#8</p> <p>Processes and procedures</p>	<p>The first baseline requirement states in particular that main operational and financial processes and procedures and IT systems must be adequately documented. A review of these processes and procedures should be carried out following the reorganisation.</p> <p>Particular emphasis should be put on the DG's security policy, where action is required to ensure that the DG's internal procedures are aligned with HR DS Security Standards implementing rules.</p>
<p>ICS#10</p> <p>Business continuity</p>	<p>The first baseline requirement of this ICS provides in particular that adequate measures, including deputising arrangements for relevant operational activities and financial transactions, should be in place to ensure continuity of service.</p> <p>As it is the case for delegation of authority, deputising arrangements are formalised in Unit manuals. Following the reorganisation mentioned above, Unit manuals have to be drafted/updated, including for what concerns deputising of authority.</p>

Annex 3. Evaluation Plan

N°	Title of evaluation (possibly working title)	Intended use of the evaluation, and Activity concerned	ABB heading	Type of evaluation		Timing	
				Prospective* (P) or retrospective (R)	External (E), internal (I), internal with external support (I&E)	Start (month/year)	End (month/year)

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

1	Evaluation of MFA operations in Georgia	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	02/2011	02/2012
2	Evaluation of MFA operations in Lebanon	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	02/2011	02/2012
3	Evaluation of BoP assistance operations in Hungary	This evaluation focuses on assessing ex post the contribution of EU medium-term financial assistance under the balance of payments facility for Member States to macro-economic and structural adjustment of the recipient country.	Economic and monetary union	R	E	03/2011	03/2012
4	Evaluation of Business Cycle Surveys	Building on the 2005 evaluation of DG ECFIN's business and consumer surveys, this evaluation will focus on learning from experience to date, providing recommendations on this basis for improving the way survey activities are implemented, and providing information that will allow the DG to further develop this activity. The precise scope of the exercise will be decided by a steering group composed of representatives of the concerned services who will prepare and oversee the evaluation.	Economic and monetary union	P	E	03/2011	03/2012
5	Evaluation of MFA operations in Kosovo	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	12/2011	10/2012
6	Evaluation of EIF own resources activity	The rationale and aims for the evaluation are embedded in Council decision 2007/247/EC on the Community participation in the capital increase of the EIF. In particular, Article 3 of this decision states that: "The Commission shall submit to the Council an evaluation of the own resources activity of the Fund by 31 July 2012." The evaluation should analyse whether the original objectives of the EU as a member of the EIF as well as for the participation in the capital increase have been achieved. Furthermore, it will evaluate whether the EU shareholding in the EIF has achieved better policy results than other alternatives like giving mandates to the EIF or other financial institutions. The contractor should also evaluate the governance structure of the EIF as well as the EU participation in the EIF.	Financial operations and instruments	P & R	E	09/2011	06/2012

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II. Evaluations planned to start 2012 or later

7	Evaluation of BoP assistance operations (country(-ies) to be decided)	This evaluation focuses on assessing ex post the contribution of EU medium-term financial assistance under the balance of payments facility for Member States to macro-economic and structural adjustment of the recipient country.	Economic and monetary union	R	E	03/2012	03/2012
8	Evaluation of MFA operations in Armenia	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	10/2012	10/2013
9	Evaluation of MFA operations in Moldova	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	10/2012	10/2013
10	Evaluation of MFA operations in Serbia	This evaluation focuses on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by the DG.	International economic and financial affairs	R	E	10/2012	10/2013
11	Evaluation of Ameco internal database	Following the recommendation of the recent audit report on the management of models and databases in directorate A, a comprehensive periodical survey of the stakeholders of these tools should take place in order to assess the level of satisfaction of the main users.	Economic and monetary union	P & R	E	03/2012	09/2012
12	Evaluation of Economic Service Function of DG ECFIN	The aim of the evaluation is on supporting organisational learning and improving the future functioning of the Economic Service Function of DG ECFIN. In this context, evaluation results will be primarily used by the services responsible for implementing the activities. The evaluation will also be used in the context of the European Commission's Activity-Based Management/Strategic Programming and Planning and Budgetary cycles.	Economic and monetary union	P & R	E	01/2013	12/2013
13	Evaluation of economic surveillance activities related to third countries - EU Neighbourhood Policy	This formative evaluation will assess how efficiently and effectively conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs has been carried out in support of the implementation of the EU Neighbourhood Policy.	International economic and financial affairs	P & R	E	01/2013	12/2013
14	Evaluation of economic surveillance activities related to third countries - EU enlargement	This formative evaluation will assess how efficiently and effectively conducting economic analysis and providing policy assessment, advice and input to negotiations on international economic and financial affairs has been carried out in support of the implementation of the enlargement process.	International economic and financial affairs	P & R	E	01/2014	12/2014
15	Evaluation of activities related to euro area enlargement	The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary while compatible with the Treaty and the applicable secondary legislation, to changes to the these activities of the DG and their resulting outputs, with consequent benefits for the various counterparts and other users.	Economic and monetary union	P & R	E	01/2014	12/2014
16	Evaluation of euro communication	The overall aim of this evaluation is to analyse the extent to which the Commission's communication activities between 2007 and 2013 facilitated the introduction of the euro, more specifically as regards new Member States and to come to recommendations as regards the overall communication policy in relation to Economic and Monetary Union, in preparation of the revision of the multi-annual communication strategy of DG ECFIN.	Economic and monetary union	P & R	E	01/2014	12/2014
17	Evaluation of Treasury management	This formative evaluation will concentrate on ways of improving the ongoing activity of treasury management, inter alia by determining whether processes are working correctly and judging its effectiveness.	Financial operations and instruments	P & R	E	01/2014	12/2014
18	Evaluation of DG ECFIN's economic research activities	The aim of the evaluation is to help strengthen the DG's economic research activities and the links with policy-making. Through this evaluation, we want to find out how relevant DG ECFIN's economic research is to its current or potential users and what use they make of it. It will follow up on the evaluation carried out in 2006.	Economic and monetary union	P & R	E	01/2014	12/2014

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19	Evaluation of fiscal surveillance activities	The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary while compatible with the Treaty and the applicable secondary legislation, to changes to the these activities of the DG and their resulting outputs, with consequent benefits for the various counterparts and other users. This evaluation will also follow up on the evaluation carried out in 2009.	Economic and monetary union	P & R	E	01/2015	12/2015
20	Evaluation of Guarantee Fund	Evaluation of Guarantee Fund	Financial operations and instruments	P & R	E	01/2015	12/2015
21	Evaluation of external representation	This formative evaluation will assess how efficiently and effectively the objective of improving the EU profile, external representation aiming at strengthening convergence between their strategies and operations and EU external priorities has been pursued.	International economic and financial affairs	P & R	E	01/2016	12/2016
22	Evaluation of DG ECFIN's forecasting services	The objective for this evaluation is primarily to support learning and understanding, leading, where demonstrated as being necessary, to changes to the forecasting activities of the DG and their resulting outputs, with consequent benefits for the various communities of users, both internal and external to the Commission. This evaluation will also follow up on the evaluation carried out in 2007-2008.	Economic and monetary union	P & R	E	10/2015	10/2016

* Please note that impact assessments and instrumental studies supporting impact assessments/evaluations are not included

Annex 5. Action Plans stemming from AAR and Synthesis Report and accompanying Guidelines

DG ECFIN has no specific action to undertake in relation with past AARs and Synthesis Reports.

Annex 6. Communication Strategy

No	Communication Objective(s)	Message	Audience	Proposed actions/ type of activity	Date/ location	DG Services ²	COMM	Evaluation	Resources
<p>Policy objective/Policy output</p> <p>Reinforced economic governance and the European Semester/The comprehensive response to the crisis/ Communication on the euro and EMU</p> <p>European Semester strengthens economic policy coordination among MS. The reform of the Economic Governance, proposed by the European Commission in 2010 entered into force in the Autumn 2011. The new legislation (6 pack) strengthens the Stability and Growth Pack, introduces the mechanism for preventing and correcting Macroeconomic Imbalances and improves the economic governance in the euro area and in the EU.</p> <p>The improvements in the economic governance form an integral part of the main communication focus of DG ECFIN, together with explaining the added value of the European semester and highlighting Commission's contribution to the EU's comprehensive response to the crisis, including the Euro area backstop mechanisms and frontloading stability and growth enhancing policies.</p> <p>The communication on the benefits of the euro/EMU will continue, including 10th Anniversary of the euro banknotes and coins in 2012.</p>									
1	Raise awareness and endorsement of the new legislation (Six pack) and European Semester	The reformed economic governance will have positive impact on the economic stability and restoring jobs and growth in the EU. European Semester provides an important	Policy makers and Members of the parliaments in the MS, Stakeholders incl. economists and economic journalists (Brussels and non-Brussels based)	Series of seminars in selected MS Seminars for journalists Web presentation Euro travelling exhibition	Spring 2012 Throughout the year Throughout the year	Assistance and co-organisation by the REPs Use of DG COMM framework contract, Assistance from REPs Promote on REPs websites Promote on Europa and selected REPs websites. Support from the REP in		As foreseen in the framework of DG ECFIN's multiannual evaluation plan 2010-2014	Overall: 22 staff 2012 commitment appropriations: 5.5 million EUR

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		coordination element in economic policy making by the MS.				hosting countries		
				General public leaflet	Early 2012	Distribution by the REPs		
2	Highlight Commission's role in the response to the crisis	Commission plays important role in designing and implementing the comprehensive policy response to the crisis	Policy makers and Members of the parliaments in the MS, Stakeholders incl. economists and economic journalists (Brussels and non-Brussels based)	Brussels Economic Forum 2012: Sources of economic growth - revisiting growth models in the EU	31/05/2012	Promote on Europa, AV services		
				Seminars for journalists	Throughout the year	Use of DG COMM framework contract, Assistance from REPs		
				Articles and ECFIN electronic newsletter	Newsletter is a fortnightly publication	Placemen t and dissemination by the REPs		
				Web presentation		Promote on REPs websites		
				Euro travelling exhibition	Throughout the year	Promote on Europa and selected REPs websites. Support from the REP in hosting countries		
3	Promote benefits of the euro/EMU, including commemorating 10 th anniversary of the euro cash	Tangible benefits of the euro for the citizens and businesses	Stakeholders, journalists, NGOs, general public	Web presentation		Promote on REPs websites		
				General public publications and ECFIN electronic	Updates and reprints as appropriate	Distribution by the REPs		

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				newsletter				
				EU institution's open day stand	May 2012			
				Ad-hoc participation in selected general public in the MS	Throughout the year	Logistical support from the REPs		
				Euro travelling exhibition	Throughout the year	Promote on Europa and selected REPs websites. Support from the REP in hosting countries		