

**COMMUNICATION TO THE COMMISSION**  
**ON A DECISION AMENDING COMMISSION DECISION C(2007)3500**

The initial 2008 work programme for grants was adopted on 24<sup>th</sup> July 2007 (Commission Decision C(2007)3500 on adopting a 2008 work programme in the field of economic and financial affairs). This initial work programme covered the Joint Harmonised European Union Programme of Business and Consumer Surveys, which constitutes the major component of budgetary expenditure under the "EMU" line (010202).

The proposed Commission decision amending Commission decision C(2007)3500 completes this initial work programme. It details all further 2008 EMU-related budgetary expenditure (under the EMU line and under the PRINCE line), and furthermore describes expenditure under the "International Economic and Financial Affairs" heading (budget lines 010301 "European bank for Reconstruction and Development" and 010302 "Macroeconomic assistance") and the "Financial Operations and Instruments" heading (budget lines 010409 "European Investment Fund" and 010410 "Nuclear safety"). It has been prepared in accordance with the Financial Regulation.

This Commission decision adds new actions under the "Economic and Monetary Union (EMU)" activity, the "International and Economic Financial Affairs" activity and the "Financial Operations and Instruments" activity.

Under the activity "*Economic and Monetary Union (EMU)*" of Directorate-General for Economic and Financial Affairs, the proposal covers the following actions:

- (1) Coordination and surveillance of EMU through conferences, workshops, seminars, databases, studies, technical assistance and general publications;
- (2) PRINCE – communication on Economic and Monetary Union including the euro through grants accorded to new Member States and through procurements for conferences, events, seminars, meetings with directors of communication, exhibitions, competitions, public stands, website, studies, surveys, publications, audio-visual and promotional material, specialised speakers, information activities in third countries and twinning programme.

Under the activity "*International Economic and Financial Affairs*" of Directorate-General for Economic and Financial Affairs, the proposal covers the following actions:

- evaluations of macroeconomic operations and operational assessments of financial circuits and controls of countries, beneficiaries of macroeconomic assistance.

Under the activity "*Financial Operations and Instruments*" of Directorate-General for Economic and Financial Affairs, the proposal covers the following actions:

- (1) The Community participation in the capital capital of the EIF
- (2) A new action to fund external technical and legal assistance in the framework of the provision of Euratom loans.

In view of the above, the Commission is invited:

- To approve the annexed decision on amending Commission decision C(2007)3500;
- To authorise publication of the work programme on the Commission's website.

Draft

## COMMISSION DECISION

of [...]

### **amending Commission decision C(2007)3500 on adopting a 2008 work programme for grants in the field of economic and financial affairs**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to Council Regulation (EC, Euratom) N° 1605/2002 of 25 June 2002<sup>1</sup> on the Financial Regulation applicable to the general budget of the European Communities, and in particular Article 49 (6) (d) thereof,

Having regard to Council Decision 2007/247/EC of 19 April 2007<sup>2</sup> on the Community participation in the capital increase of the European Investment Fund, and in particular Article 1 thereof,

Having regard to Council Decision 2006/41/EC of 24 January 2006<sup>3</sup> providing macro-financial assistance to Georgia, and in particular Article 1(2) thereof,

Having regard to Council Decision 2006/880/EC of 30 November 2006<sup>4</sup> providing Community financial assistance to Kosovo, and in particular Article 1(2) thereof,

Having regard to Council Decision 2007/259/EC of 16 April 2007<sup>5</sup> providing Community macro-financial assistance to Moldova, and in particular Article 1(2) thereof,

Having regard to Council Decision 77/270/Euratom of 29 March 1977<sup>6</sup> empowering the Commission to issue Euratom loans for the purpose of contributing to the financing of nuclear power stations, and in particular Article 1 thereof,

Whereas:

- (1) Under Article 75 of Regulation (EC, Euratom) N° 1605/2002, the commitment of the expenditure should be preceded by a financing decision adopted by the institution or the authorities to which powers have been delegated by the institution.

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<sup>1</sup> OJ L248, 16.9.2002, p.1, as amended by Regulation (EC, Euratom) No 1995/2006 (OJ L 390, 30.12.2006, p.1)

<sup>2</sup> OJ L107, 25.04.2007, p. 5

<sup>3</sup> OJ L25, 28.01.2006, p. 28

<sup>4</sup> OJ L339, 06.12.2006, p. 36

<sup>5</sup> OJ L111, 28.04.2007, p. 69

<sup>6</sup> OJ L88, 06.04.1977, p. 9

- (2) Under Article 15.1 of the Internal Rules on the implementation of the general budget of the European Communities (Commission section), as last amended by Decision C(2007)513 of 21 February 2007, measures for the implementation of expenditure should be adopted by the authorising officer by delegation on the basis of a financing decision, within the meaning of Article 90 of the Commission Regulation (EC, Euratom) No 2342/2002<sup>7</sup> laying down detailed rules for the implementation of the Financial Regulation. The present decision constitutes a financing decision in accordance with Article 75 of Regulation (EC, Euratom) No 1605/2002 and Article 90(2) of Commission Regulation (EC, Euratom) No 2342/2002.
- (3) Under Article 110 of Regulation (EC, Euratom) No 1605/2002, grants should be subject to an annual work programme, to be published no later than 31 March of the year of the implementation.
- (4) Under Article 166 of Commission Regulation (EC, Euratom) No 2342/2002 the annual work programme for grants should be adopted by the Commission. It should specify the basic act, the objectives, the schedule of calls for proposals with the indicative amount, and the results expected.
- (5) The purchase by the Community of new shares of the European Investment Fund (EIF) extends over a four-year period which started in 2007 and ends in 2010. The dividends received in 2008 for the Community's participation in the EIF, estimated at around euro 5.9 million, should be used as assigned revenue to cover part of the cost of the share purchase in 2008, and will be complemented by additional budgetary appropriations so as to cover the total expected cost of around euro 31 million.
- (6) Decision 77/270/Euratom was modified by Council Decision 1994/179/Euratom of 21 March 1994 authorising the Commission to contract Euratom borrowings in order to contribute to the financing required for improving the degree of safety and efficiency of nuclear power stations in certain non-member countries,
- (7) The total amount of available appropriations for 2008 on budget line "01 02 02 – Coordination and surveillance of economic and monetary union" had not been fully accounted for in Decision C(2007)3500 adopting the 2008 work programme on grants, neither did this decision cover other expenditure (procurements) under the activities "Economic and Monetary Union (EMU)", "International Economic and Financial Affairs" and "Financial Operations and Instruments".
- (8) The amendments to the 2008 work programme as regards grants (set out in detail in the annex) relate to the following activities:
- (9) A single grant agreement for "Timely High Frequency Indicators for Global and Regional Trade" falling under Coordination and surveillance of economic and monetary union
- (10) Grant agreements falling under Prince Communication on Economic and Monetary Union including the euro

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<sup>7</sup> OJ L345, 28.12.2005, p.35, as last amended by Commission Regulation (EC, Euratom) N° 478/2007 of 23 April 2007 (OJ L111, 28.04.2007, p.13)

- (11) The amendments to the 2008 work programme as regards procurements (set out in detail in the annex) relate to the following activities:
- (12) Economic and Monetary Union
- (13) International Economic and Financial Affairs
- (14) Financial Operations and Instruments
- (15) Decision C(2007) 3500 should be amended accordingly.

HAS DECIDED AS FOLLOWS:

*Sole Article*

The 2008 work programme annexed to Commission decision C(2007)3500 is amended in accordance with the modifications listed in the annex to the present decision.

Done at Brussels, [...]

*For the Commission*

[...]

*Member of the Commission*

## ANNEX

1. In heading "1. INTRODUCTION" the last paragraph is replaced by the following

"The present document forms a 2008 financing decision of DG ECFIN for actions to be carried out under the first three above-mentioned ABB activities. These actions will be realised by means of grants or procurements. Under the activity "Economic and Monetary Union"<sup>8</sup> the "Joint Harmonised European Union Programme of Business and Consumer Surveys" and the "Timely High Frequency Indicators for Global and Regional trade" will take the form of grants. This activity will also include studies, analyses, evaluations, publications, purchase of databases and the financing of measures relating to the internal and external aspects of Economic and Monetary Union. Also included in the activity "Economic and Monetary Union" the actions listed under the heading "Prince – Communication on economic and monetary union, including the euro". These are either realised under the form of grants or under the form of procurements. "

The following two paragraphs are added to the end of heading "1 INTRODUCTION". "The actions under the activity "International Economic and Financial Affairs" are realised under procurements". Within these ABB activities, planned actions are described and classified by budget line involved.

2. In heading 2.1 the following sub-heading 2.1.2 is inserted.

"2.1.2

"Grant for the production of High frequency Indicators for Global and Regional Trade"

The European Commission is launching a call for proposals for the construction and monthly production of timely indicators of global and regional trade developments. The global indicators are constructed bottom-up from regional indicators. The regional level includes all EU Member States, as well as the Candidate Countries.

The indicators of global trade will be essential elements in the timely assessment of the global cycle. The project will also improve the assessment and forecast of the trade and GDP forecasts of non-EU countries and regions in the Commission's full-fledged and interim forecasting exercises.

The regional indicators will be used by the Commission to calculate timely monthly measures of export performance for the EU, the euro area and each individual Member State. Such a high-frequency measure of export performance does not exist yet. Such measures will be very useful tools in the EMU economic surveillance process, for present as well as future euro area Member States.

*Justification: DG ECFIN has been using the world trade monitor of the CPB Netherlands Bureau of Economic Policy Analysis to assess developments in world trade in a timely*

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<sup>8</sup> The activities and budget lines referred to in the present Decision are the following: 0102 ECONOMIC AND MONETARY UNION (010202 Coordination and surveillance of EMU; 010204 PRINCE); 0103 INTERNATIONAL ECONOMIC AND FINANCIAL AFFAIRS (010301 European bank for Reconstruction and Development; 010302 Macroeconomic assistance); 0104 FINANCIAL OPERATIONS AND INSTRUMENTS (010409 European Investment Fund; 010410 Nuclear safety)

*manner. This has been an essential input to the macro-economic forecasts, the Quarterly Report on the Euro Area, the Key indicators for the euro area and the economic situation note. The monitor is also valuable input for the discussions in the policy committees. For budgetary reasons, the CPB will discontinue the world trade monitor, taking away a unique instrument for ECFIN's analysis of world trade. The proposed action is intended to fill this gap, enhancing the scope of the monitor by adding a number of indicators of particular relevance to DG ECFIN*

Implementation arrangements: The call for proposals will be launched in the 1<sup>st</sup> quarter 2008. Applicants will be selected according to their financial capacity and operational capability. They must have at least three years proven experience in preparing a similar set of indicators, proven experience in the construction of international trade indicators and addressing methodological questions (seasonal adjustment, working-day adjustment, aggregation, estimation methodology for missing values and missing deflators).

The grants will be awarded according to three criteria:

- the candidate's degree of expertise and experience in the construction of international trade indicators;
- the effectiveness of the proposed methodology including aspects of seasonal adjustment, working-day adjustment, aggregation and estimation methodology for missing values and missing deflators;
- the efficiency of the candidate's work organisation, in terms of flexibility, infrastructure, qualified staff and facilities for carrying out the work, reporting the results and liaising with the Commission.

3. In heading 2.1 the following sub-heading 2.1.3. is inserted

"2.1.3

"Conferences, Workshops and Seminars"

Within the activity of coordination and surveillance of economic and monetary union, DG ECFIN will hold a series of conferences, workshops and seminars. The aim is to examine topics of particular importance for the economic and monetary union and to strengthen in house know-how through improved connections with the economic research community.

In order to carry out these actions, separate procedures will be launched so as to cater for specific needs and requirements of each event and some may be based on a prior call for interest. The planned actions are as follows:

"Fifth Annual Economic Research Conference"

The topic of the 2008 edition of this conference will be "Boosting growth and productivity in an open Europe: how do international flows of goods, services, capital and labour help?"

For this purpose, the following broad areas will be examined during one and a half days: the determinants of growth and productivity in the EU, with a special focus on the microeconomic evidence and recent theoretical advances, and the design of economic policies to influence growth and productivity. A number of prominent economists carrying out

research in the fields covered will be invited to serve as keynote speakers and to submit papers for the conference.

*Justification: The success of Europe in the global landscape is ultimately determined by the evolution of productivity and growth within the Member States of the EU and by their ability to boost growth potential. These developments have a profound impact on our economies. Therefore, there is a need to better understand the trends and drivers of the patterns of growth and productivity in our societies and the role that economic policies can play to foster them.*

Implementation arrangements: Procurement procedures will start in the 1<sup>st</sup> quarter 2008.

#### Seminars – "Economic Seminar Programme 2008"

During their one-day visit to DG ECFIN, the seminar speakers will present their research in the form of a general lecture organised by DG ECFIN, based on a paper.

*Justification: The general aim of the Programme is to enhance the overall quality of work done by DG ECFIN, strengthening in-house know-how by improving its connections with the economic research community.*

Implementation arrangements: Procurement procedures will start in January 2008

#### Seminars – "Visiting Fellows Programme 2008"

During their stay, Visiting Fellows will be expected to either (a) present their research work in the form of a Seminar to staff members, and prepare an accompanying Seminar Paper for eventual publication in the "Economic Papers" series of DG ECFIN, or (b) give a series of presentations (approx. 5 per week) on a somewhat broader economic research agenda related to the functioning of EMU.

*Justification: The general aim of the Programme is to strengthen in-house know-how through improved connections with the economic research community.*

Implementation arrangements: Procurement procedures will start in January 2008

#### Annual workshop on developments – Business and consumer surveys

In the framework of Joint Harmonised EU programme of business and consumer surveys, a workshop is organised every Autumn. This workshop is the main annual event bringing together the institutes and companies participating in the programme. The overall duration of the meeting is two days and is attended by about 60 participants. Given the importance of this meeting the dates are fixed early in the year and a suitable outside venue has been located and reserved in the first quarter.

*Justification: All methodological developments in the programme are discussed at this meeting. The organisation of this meeting is therefore of high importance.*

Implementation arrangements: Procurement procedures for a suitable outside venue will start in January 2008

#### Workshop – What drives inflation in the new EU Member States ?

The workshop should bring together the latest research on what drives inflation in the new Member States. Potential areas of interest include the relative importance of one-off and country-specific factors and the identification of common shocks and patterns. Contributions may focus on both the aggregated inflation data and on specific categories (food, energy, services, tradeable/non-tradeable), the role of fiscal factors etc. The interaction between inflation and labour market developments and institutions would be of particular interest, more specifically the role of labour migration. Part of the workshop could be dedicated to specific channels thought to be particularly important in new Member States, such as the pass-through from exchange rate movements and the role of administered prices.

*Justification: Inflation has been picking up in some of the new Member States in the past few years, in others a more recent pick up in inflation is evident. It is therefore of great relevance to assess the main drivers of inflation differentials and their possible relation to monetary and exchange rate regimes, to assess to what extent they are determined by specific factors and to what extent they reflect more structural developments that need a more encompassing policy response*

Implementation arrangements: Procurement procedures will start in the 1st quarter 2008

#### Workshop – Spillovers/interlinkages of structural reforms in the Lisbon Strategy

The project will consist of a one-day workshop organised in Brussels in the Autumn of 2008 with an objective to present and discuss research and analysis, including that of DG ECFIN, regarding the spillovers between reforms (across policy areas, countries and between reforms at EU and national level) and their implications for the Lisbon strategy. The workshop would bring together academics, national authorities, and other stakeholders.

*Justification: The workshop will be a follow-up event of the conference planned for June 2008 and will focus on the topic of governance and spillovers/complementarities which are raising to the top of policy agenda. The workshop would offer an opportunity for a deeper reflection on the effectiveness of the current governance arrangements in light of the latest economic and political-economy research.*

Implementation arrangements: Procurement procedures will start in July 2008

#### Conference – Economic underpinnings of the Lisbon Strategy

The project will consist of a two-day conference in the 1st half of 2008 with academics, national authorities, and other stakeholders to present research and policy analysis, including that of DG ECFIN, on the economic underpinnings of the Lisbon strategy and its governance. The conference will take place in one of the Member States, DG ECFIN would pay for the travel/accommodation of guest speakers, as well as a reception and two lunches.

*Justification: The conference will allow DG ECFIN to present its extensive high profile analysis on structural reforms, particularly the work for the EPC Lisbon Methodology (LIME) working group to develop an explicit methodology for*



evaluating reform plans. The conference would allow DG ECFIN to reach out to a wider circle of key players and it would provide an opportunity to discuss the economically sound, transparent and consistent methods for assessing progress with reforms.

Implementation arrangements: Procurement procedures will start in March 2008

#### Four to five country workshops including the three Baltic States

The workshops aim to analyse macroeconomic policy challenges, with a focus on fiscal policy and the structural reform process in the context of the Lisbon agenda. For EMU countries, adjustment challenges in the euro area might be dealt with too.

*Justification:* (1) Draw attention to the macroeconomic pillars for which ECFIN has a general responsibility. (2) Address issues of sequencing and reform fatigue, as well as country experiences. (3) Complement the ongoing studies of financial stability in the countries. (4) Build on the EU Review's analysis of adjustment mechanisms in the euro area.

Implementation arrangements: Procurement procedures will start in January 2008

#### Workshop – The new Member States : Integrating in the EU or in the world? Determinants and implications

The purpose of the workshop to be held in the Autumn of 2008 is to assess the degree of integration of the new Member States from different angles. The issue is to what extent the new Member States are integrated into the EU or into the world. The answer may depend on the domain of analysis: trade and FDI, labour markets, goods markets, financial markets, business cycles. The method for the analysis should be parsimonious and focus on a few key indicators, e.g. origin and destination of trade and FDI, wages for labour markets, price levels for goods markets, interest rates/stock market indices for financial markets, detrended GDP for the business cycle. The workshop could provide insights into the drivers of the observed trends into the following broad categories: global factors, EU factors and country-specific factors.

*Justification:* The workshop fits into the broad research theme of globalisation and competitiveness that DG ECFIN has set. The aim is to understand better the macroeconomic processes which shape the relations between the old and the new Member States. The workshop could form background information to the study "Enlargement, five years on"

Implementation arrangements: Procurement procedures will start in January 2008

#### EIB yearly club membership Fee

According to a Co-operation Agreement ("CA") signed in June 2001, the EC is a member of the Institutions of the European Union Specialising in Long-Term Credit (« The Club »). Article 7 of this CA stipulates that "the expenses incurred in the carrying out of this Agreement shall be borne by the Institutions in such manner as may be agreed between them". The EIB acts as the secretariat of The Club. The EC needs to reserve credits to pay its yearly fee as a member for 2008.

*Justification: This appropriation is intended to cover the cost of studies, analyses, evaluations, publications, technical assistance, the purchase of databases and software and the part-financing and support of measures relating to (i.e.):*

- *coordination with financial institutions and analysis and development of financial markets,*
- *co-operation with economic operators and decision-makers in the above fields, expanding economic and monetary union.*

4. In article 2.1 the following sub-heading 2.1.4. is inserted

"Access to Databases"

#### External commercial data supply services for DG ECFIN

The aim of this action is to provide DG ECFIN users with a comprehensive array of relevant, reliable and timely macro-economic statistical information that they require. In addition to internal statistical databases available at DG ECFIN, Eurostat or other Commission services, external data sources are needed and the services delivered may also cover the need to put these different data sources together in a common format. Statistical requirements have been coordinated within the DG.

An inexhaustible list of the external commercial data suppliers can be found hereunder.

- *Reuters Trader:* provision of data relating to currencies and short-term interest rates by Reuters.
- *Reuters Xtra:* provision of real-time financial data for treasury operations.
- *Ecwin:* provision of macroeconomic data by Reuters.
- *Bureau Van Dijk:* subscription to the Bankscope service providing data for Financial risk management for Treasury Operations
- *Bloomberg:* provision of financial data on financial assets in real time and other financial market related statistics and information.
- *Ratings and research services:* Provision of Global Issuers for Treasury Operations by Standard and Poors. This service includes credit ratings and relevant analyses on banks, financial institutions and corporates in the OECD, the EU and its neighbouring regions and on sovereigns, regional or local governments and supranational entities of this area.
- *Annual Accounts:* provision by *ORBIS (Bureau Van Dijk)* of data on financial accounts of companies, in particular European companies.
- *Consensus Economics EU and Eastern EU:* provision of data by *Consensus Economics* relating to macroeconomic forecasts for given countries by the leading forecasters

- Mergers and Acquisitions: provision of mergers and acquisitions data by *Thomson Financial* in order to carry out research into levels and changes in mergers and acquisitions activity over time to form policy decisions and to produce the twice yearly DG ECFIN Mergers and Acquisitions Note.
- *Interactive data Europe* : Provision of prices and indices for bonds.
- Subscriptions to other specialised databases or online information services providing economic and financial statistics and analysis.

*Justification: In order to be able to provide accurate economic analysis and evaluation, implement EU financial programmes on behalf of other Commission departments, and undertake financial market operations (borrowing and lending, treasury management) in close cooperation with the EIB, EIF and EBRD, on-line access to specialised macro-economic and financial data is required.*

Implementation arrangements: Several existing contracts (Reuters Trader / Xtra, Ecowin, Bankscope, Bloomberg and Interactive data Europe) will terminate in 2009. For this purpose, a series of calls for tenders will need to be launched in 2008 to ensure continuity of data.

5. In article 2.1 the following sub-heading 2.1.5. is inserted

"2.1.5

"Studies and evaluations "

"EU-wide business survey in the financial services sector"

Given the importance of the financial services sector for the development of the overall economy, the Commission contracted a pilot survey in the financial services sector on an EU-wide scale for a period of one year (from April 2006 to March 2007). Based on a positive assessment of the first results, it was recommended to continue to conduct the survey on a regular basis.

*Justification: Over the past years, the Commission has successively extended the sectoral scope of the Joint Harmonised EU Programme of Business and Consumer Surveys. However, the financial services sector had not yet been included in the survey programme. In order to overcome problems related to the sectoral idiosyncracies, such as confidentiality issues and the transnational character of this sector, the feasibility study commissioned by DG ECFIN recommended to organise such a survey on an EU-wide scale rather than on a national scale. Thus the financial services sector survey fills an important gap in the Commission's business survey programme.*

Implementation arrangements: a framework contract has been concluded with IPSOS until 2010.

"Financial stability in converging European economies"

The goal of this project, which involves an initial study, a practical manual, and training, is to develop an operational approach to monitoring financial stability in

European economies that are undergoing real convergence, and on this basis to prepare a monitoring kit and a two day training programme for ECFIN staff. The country coverage should include Member States, candidates and potential candidates. The approach should have a well-developed theoretical basis, including insights from the recent literature. Deliverables will include: (1) a paper setting out the technical approach to financial stability assessment; (2) a monitoring kit; (3) documents for the training programme; (4) a pilot training course; (5) necessary adjustment of the training and monitoring material based on the experience with the pilot.

*Justification: Financial stability has become a central issue for country surveillance in DG ECFIN. It is therefore critical that desk officers develop the necessary skills and acquire up-to-date knowledge of the issues involved. Thus, it is essential to develop a well-structured in-house training course on this subject. The developed course will be run over several years ensuring efficient use of resources.*

Implementation arrangements: Procurement procedures will start in the 1<sup>st</sup> quarter 2008

#### Modelling financial integration and financial convergence in EU Member States and future EU members"

The proposed action is intended to deliver an enhanced dynamic stochastic general equilibrium model, based on the model previously developed in ECFIN incorporating a refined financial sector which should help us in better understanding the quantitative implications of financial market integration and financial convergence in EU Member states. The project can be divided in two (parallel) activities. First, an outside contractor should analyse the financial sector of the QUEST model and make suggestions on how to improve it in light of recent research in the macro finance literature. The study should implement and test new features in cooperation with unit A1. In parallel a financial convergence modelling network should be created, which would involve officials from the Member States (from MoFs and Central Banks) and from academic institutions who are involved in analytical work on related issues. Participants from Member States and their institutions would adopt (calibrate and test) the model for their own countries and would also undertake certain model development specific to their own countries. The second workshop would discuss the work done by the network participants and the policy analysis carried out by them using the model and would also serve as a platform for the presentation of new financial market features. The ultimate goal of the network is to develop a commonly shared model platform for policy analysis.

*Justification: Financial integration is one of the key forces at work in the European economy. A better understanding of the process and its implications for macroeconomic policies is of utmost importance and this is a key research priority for ECFIN in 2008-09. The methodological development involved, making the dynamic stochastic general equilibrium model previously developed in ECFIN more suitable for analysing financial integration, is also an ECFIN research priority. Since ECFIN has gradually become a lead institution in this area, this development, as well as the dissemination of the new model through the Financial Convergence Modelling Network, would further strengthen ECFIN's position in this area and would also help improve the quality of ECFIN surveillance activities, as the*

*calibrated models would be made available to the respective desk economists in ECFIN.*

Implementation arrangements: Procurement procedures will start in the 1<sup>st</sup> quarter 2008.

#### "Determinants of residential prices and construction"

The study would first describe trends in house prices and residential construction and their determinants in EU countries and industrialised countries outside the EU. It would then examine and quantify the possible explanations of the differences in real house prices and residential construction between EU countries and the comparator group of countries outside the EU. The theoretical framework would consist of a standard supply relationship (linking residential construction to a Tobin's  $q$ , credit constraints and zoning constraints) and a standard price/demand relationship (linking real house prices to the housing stock or proxies thereof and demand determinants such as per capita income and real interest rates). The econometric approach would be a panel error-correction framework. The model should be estimated on quarterly data for a group of countries for which this is possible and on annual data for a broader group of countries.

*Justification: Housing cycles have become more synchronised across the globe, in part due to tighter integration of financial markets but also due to a number of common factors that have been driving up housing markets over the past decade, such as global abundance of liquidity, low real interest rates, low risk premiums in real estate and mortgage-backed securities markets, a global hunt for yield, carry trades etc.. All these factors now seem to be at a tipping point and it is important to capture this in a model so as to understand the underlying mechanisms and predict future developments. The topic came up as a relevant issue in the EMU@10 project and fits well in the ECFIN research priorities 2008/2009, specifically those pertaining to "Financial system development, financial integration; Impact on growth and resilience: Interaction with the housing market"*

Implementation arrangements: Procurement procedures will start in the 1<sup>st</sup> quarter 2008

#### Evaluation of DG ECFIN's fiscal surveillance activities

The aim of the exercise is to provide recommendations, on the basis of an analysis of experience to date, on how to improve the way DG ECFIN implements fiscal surveillance activities in the framework of the Stability and Growth Pact. The precise scope of the evaluation will be decided by a steering group which will be composed of representatives of the concerned services. The fiscal rules of the SGP will not be questioned in this exercise.

*Justification: In accordance with the Financial Regulation, DG ECFIN's ongoing activities are required to be evaluated once every six years. In this context the evaluation aims to support organisational learning and to enable the DG to discharge its obligations in terms of transparency and accountability. Following the usual practice within the Commission in the case of the evaluation of ongoing activities (i.e. an intermediate evaluation), the exercise will be contracted to an*

*external, independent evaluation team. Recourse to an external evaluator ensures that the evaluation is seen by stakeholders as allowing an independent assessment of the functioning of the activities.*

Implementation arrangements: The indicative timetable for launching procurement procedures: 1st quarter 2008

#### Development and exploitation of MICREF – Database of microeconomic reform

The MICREF project began in 2007 and is being jointly financed by DG ECFIN and DG ENTR. The project consists of the collection, evaluation and registration, by the Joint Research Centre ISPRA, of significant reform activities in 2004 and 2005 as well as the initial data assessment, the definition of standard outputs and a first exploitation of the data. There is a need for resources to be allocated in 2008 for this action in order to update and complete this inventory of microeconomic reform measures and to further develop appropriate analytical tools.

*Justification: The outputs of this action would be a report for the general public, the expansion of the publicly available MICREF database on microeconomic reforms (which is supposed to get released in the 1st quarter 2008) as well as analytical tools which allows studying and analysing the data and thus facilitating the drafting of political conclusions.*

Implementation arrangements: an administrative arrangement will be concluded with the JRC to complete the work in the 1<sup>st</sup> quarter 2008.

#### Channels of financial market contagion

The objective of the proposed study is to identify the impact of the potential financial market contagion on developments in new EU Member States outside the euro area. The study should provide operational and empirical estimates on the relative strength of contagion channels in the new Member States, that could shed light on the mechanics of contagion in response to either country specific or common external shocks. The study should distinguish possible differential responses across various exchange rate regimes, notably ERM II countries and non-ERM II countries.

*Justification: The study is an important element in DG ECFIN's risk assessment for convergence and exchange rate surveillance for new Member States in transition that have not yet adopted the euro. The rapid changes in financial market dynamics in recent years may imply new mechanics of transmission of financial shocks. In particular, new research is warranted for countries anticipating euro adoption, where the (gradual) compression of perceived currency risk on financial flows provides scope for relatively deeper integration with the euro area.*

Implementation arrangements: The indicative timetable for launching procurement procedures: 1st quarter 2008

#### Fiscal aspects of climate change

To date, the public finance implications of reducing greenhouse gas emissions and the related new public revenues (emissions taxes, sale revenues from tradable emission allowances) have been in the focus. However, adapting to climate change is

also likely to affect public expenditures. Public spending may be requested to "climate-proof" or repair infrastructures, to reinforce civil protection and disease prevention, and to compensate or act as ultimate reinsurer for sectors most adversely affected (the tourism industry, farmers, populations living in most vulnerable areas requiring resettlement). New damage due to extreme weather event is likely to increase the value of uninsurable damage, leading to calls for compensation from public funds. These pressures on public spending will arise at a time when climate-related disruptions to economic activity may weaken tax revenues.

*Justification: The study should review literature on fiscal implications of climate change and identify knowledge gaps, in particular on the costs of adapting to climate change. Methods to cope with climate change uncertainty and irreversibility within long term fiscal forecasting should also be reviewed. Energy and climate change are priority areas for the Lisbon Strategy. Developing the new technologies necessary to stave off dangerous climate change is likely to require a major public (and private effort) in R&D, but could give the EU a competitive edge in possibly fast-expanding sectors. The study should contribute to ECFIN's work on the long-term sustainability of public finances, complementing work on the implications of ageing populations. The study should help to ensure that public finance implications are duly covered in the forthcoming White Paper on adapting to Climate Change.*

Implementation arrangements: The indicative timetable for launching procurement procedures: 1st quarter 2008

#### Volatility and volatility transfer in South East Europe

The action will consist of carrying out a study leading to a workshop that will focus on the degree of volatility from emerging markets in general to South East Europe at large, including Turkey.

- 1) The study aims at assessing the roots, channels and impact of the most recent periods of emerging market financial turbulence (June 2009-July 2007) in South East Europe (SEE) as against comparable economies.
- 2) It will continue by looking at previous emerging market crises, in order to identify specific and common determinants.
- 3) It will furthermore identify the likely effects of future EU membership and the accession process on the transfer of volatility and financial sector stability in the relevant countries.
- 4) The study's conclusions should formulate: a) policy options to address the previously identified vulnerabilities and examine the effect of candidates' prospective EU membership on its external sustainability; and b) recommendations on the implications for DG ECFIN's economic surveillance of the relevant countries, including issues to address in economic dialogues with these countries

*Justification: The monitoring of the candidate countries' compliance with the Copenhagen accession criteria and providing advice on macroeconomic stabilisation policies forms an integral part of DG ECFIN's work programme. In the past candidate countries' convergence towards the EU has been hampered by*

*recurring macro-financial crises. The study will address international transmission channels of such crises (e.g. the emerging markets crisis of June 2006 that hit Turkey) but also regional inter-linkages which may increase the vulnerability of the SEE region as a whole, notably the degree of economic integration between Turkey and the Western Balkans. With the start of EU accession negotiations, these interlinkages of economic and financial stability have become an even stronger EU concern, as further major crises could seriously disrupt this process for all candidate and potential candidate countries of these region.*

*The study's findings will complement the economic analyses performed in DG ECFIN and reinforce its policy recommendations to achieve sustainable economic growth in Turkey and the other candidate and potential candidate countries of the Western Balkans. It will feed in the economic policy dialogue with these countries and possibly in the ongoing accession negotiations. Whereas the issue of contagion in international financial markets is well explored, the application on Turkey and the Western Balkans and the impact of the gradually emerging EU anchor is very sparsely explored.*

Implementation arrangements: The indicative timetable for launching procurement procedures: 1st quarter 2008

6. In heading 2.1 the following sub-heading 2.1.6. is inserted

"2.1.6

"Publications"

The project concerns the production and dissemination of economic publications under the "European Economy" series – including the Occasional and Economic Papers sub-series - , the Quarterly Report on the Euro area, and the Country Focus series. ECFIN Economic publications are part of the Commission's Ordinary Publications Programme (POP). They are produced through framework contracts made available by the Office of Publications (OPOCE) and other Commission services (SCIC) for the production of advanced copies on the day of adoption by the College.

*Justification: ECFIN publications on EMU-related matters are a key instrument to disseminate ECFIN work in the field of economic analysis, research and surveillance, and reach out to a large specialised audience made up of economic analysts, academics, decision-makers and journalists. All publications are made available in paper and electronic format via internet. Paper dissemination is carried out by OPOCE to tailored mailing lists. A few titles are also distributed through commercial channels via OPOCE's sales agents' network, which contributes to a wider dissemination OPOCE has recently emphasised the importance of ECFIN flagship publications, and advised to foster dissemination and improve the layout.*

Implementation arrangements: These publications will be produced through several specific contracts (concluded throughout 2008) under Framework Contracts managed by OPOCE.



7. In the heading "2.2. Budget line 01.02.04 – Prince Communication on economic and monetary union, including the euro" the following articles are added:

Communicating on the achievements and benefits of EMU in the euro area and helping to prepare citizens of Member States who intend to introduce the euro, should be top priorities for the year 2008.

DG ECFIN will continue to implement these activities in close cooperation with the Member States, in particular with those Member States preparing for the euro introduction. Cooperation will take place in the framework of Partnership agreements but also via other means such as the Directors of Communication network or ad-hoc co-operations. The implementation of the work programme under the Partnership agreements will obviously depend on the communication strategy developed by the Member States and of the closeness to a possible euro introduction date.

DG ECFIN will also strive to further modernise its communication tools, by putting more emphasis on communication through the web and the production of audio-visual material.

The appropriations for 2008 amount to € 7.7 million for commitments for budget line 01.02.04. (PRINCE – Communication on economic and monetary union, including the euro). Within this amount, € 6.4 mio will be used for procurement to be launched under the various categories of actions defined below, while € 1.3 mio will be reserved for grants (co-financing of actions in the new Member States). Payment appropriations amount to € 7 mio.

The building blocks of the information campaign are:

- decentralised actions in the new Member States within the framework of partnership agreements and including twinning programmes;
- conferences, seminars, competitions and events;
- studies and surveys;
- publications, website, advertisements, audiovisual material and promotional material.

2.2.1 Decentralised actions to be organised in the new Member States under strategic partnership agreements or ad-hoc partnerships and twinning programmes:

#### Partnership agreements

Partnership agreements were signed on 8 November 2005 with **Estonia, Lithuania and Slovenia** and on 5 May 2006 with **Cyprus and Malta**. A Partnership agreement with Slovakia was signed in the autumn of 2007.

Whilst the Partnership agreements with Slovenia is being terminated following the euro introduction in 2007, the implementation of the agreements with Cyprus and Malta, which both are expected to introduce the euro on 1 January 2008, extends into the first half of 2008. Activities in these countries might notably include the

organisation of ex-post surveys but also other communication activities in the aftermath of the euro cash introduction.

2008 will probably be a crucial year for preparing citizens in Slovakia for the changeover to the euro, provided Slovakia meets the necessary criteria for joining the euro area. On the basis of a Partnership agreement to be signed in 2007, DG ECFIN intends to implement a number of communication activities like for example conferences, seminars for journalists, distribution of printed, promotional or audio-visual material. DG ECFIN will probably also conclude a grant agreement to co-finance activities implemented by the Slovak authorities.

Even though Estonia and Lithuania do not have a target date for the euro introduction, the authorities have expressed an interest in continuing informing citizens about the euro, mainly to build up support and to inform people about the working of EMU. DG ECFIN will continue to support national communication efforts in the framework of the existing Partnership agreements.

Also other Member States, which do no longer have a target date for the euro introduction yet, have asked DG ECFIN for support for their communication activities. On top of support via the centralised activities, the Commission might enter into Partnership agreement with those Member States who have adopted a changeover strategy and a euro communication strategy.

Finally, Partnership Agreements could also be concluded with euro area Member States notably in the context of the 10th anniversary of the euro.

Overall it is suggested to spend around € 2.000.000 next year under Partnership agreements.

The Partnership Agreements will be implemented by the Commission through:

- *Procurements* for supporting Member States' communication activities as, for example, publications, surveys, promotional material, stands, exhibitions, conferences and seminars for journalists and national euro-related competitions, involving schools.

These procurements will be realised through specific contracts or contracts under Framework Contracts from DG ECFIN or other DGs. For communication products, like publications or stands, made available to the Member States, e.g. under a strategic Partnership agreement, the property of the products will be transferred to the Member State.

- *Grants* for co-financing various activities which form part of national communication plans such as publications, media campaigns, euro hotlines or the recruitment of communication officers. Slovakia has already signalled interest in the conclusion of such an agreement for next year.

Pursuant to Article 168(1)(c) of the Implementing Rules, grants may be awarded without a call for proposals to bodies with a de jure or de facto monopoly duly substantiated in the Commission's relevant award decision. The authorities designated in the Member States for the implementation of these communication

activities (e.g. Central Bank, Ministry of Finance) are the only national bodies with the necessary financial and monetary expertise to conduct, with the assistance of a Community grant, a successful communication policy on economic and monetary union, in particular on the changeover to the euro in the relevant Member States. In accordance with the above provisions, ad hoc grant agreements will be signed with Member States for the co-financing of the above-mentioned communication activities in preparation of the introduction of the euro.

The speed of implementation of Partnership agreements, in particular through grants for the co-financing of communication activities launched by Member States, largely depends on the political target dates set by the Member States and by the speed of preparation and implementation of national changeover plans and communication strategies.

Unavoidably, revisions in target dates or in changeover plans decided by Member States lead to necessary adjustments in DG ECFIN's communication strategies, in particular with respect to the total amounts of grants which can be committed throughout the year for the co-financing of communication activities of Member States. Therefore, considering that the amount which will actually be committed for grants essentially depends on external conditions the fulfilment of which lies with the Member States, DG ECFIN will be authorised to amend the amount committed for grants within a bracket of € 1,04 mio. to € 1,56 mio. without it constituting a substantial amendment to this financing decision. The corresponding revision of the total amount reserved for procurements will also be covered by this financing decision.

### Twinning programmes

The purpose of the twinning programme is to foster the exchange of know-how and transfer of technical expertise on the changeover preparations between countries in the euro area and the new Member States, involving the Ministries of Finance, the Central Banks and other public authorities.

A whole series of twinning projects was launched in 2004 and implemented in 2005 and 2006. Two more twinning projects were launched in 2007. In 2008 five existing projects should be in the implementation phase. A few new twinings might be launched in 2008, in particular for the recently acceded countries Bulgaria and Romania.

We intend to launch a special subsite on our Internet site to present the twinning programme and to share the results (final reports) of it.

Justification: To increase, in partnership with the New Member States, the public awareness on issues related to the euro and EMU and to prepare the public at large for the introduction of the euro expected to take place in 2008 and the following years in some of the new Member States. Use should be made of the expertise in the countries of the euro area for the introduction of the euro in the New Member States.

2.2.2. Conferences, events and seminars on the euro/EMU within the EU, information activities in third countries, exhibitions, competitions and public stands

All the activities under this heading will be implemented by the Commission through procurement.

#### Conferences and events on the euro and EMU within the EU

- DG ECFIN intends to organise a number of events throughout the year on euro and EMU-related issues. Celebrating the 10th anniversary of EMU and informing citizens about the achievements and benefits of the euro, will be an important theme. Another priority will be to organise events in the Member States preparing for the euro introduction.
- The Brussels Economic Forum 2008 is expected to present the Commission's assessment of 10 years of EMU. It will be a key event in the series of activities devoted to 10 years of EMU and the Commission might use it to present its assessment and priorities related to EMU for the years to come. Particular emphasis will be put on effective communication on the BEF to key stakeholder. Communication activities should include inter alia the production of a newsletter, audio-visual material, the production of sound-bytes and advance briefings and teasers for journalists.
- Another event, e.g. a high-profile conference involving the founding fathers of the Maastricht Treaty might be organised at the end of 2008 or at the beginning of 2009, closer to the 10th anniversary of the introduction of the euro. It might possibly take place in Slovakia if this country were to introduce the euro on 1 January 2009.
- Smaller, more seminar type of events to present the EMU@10 findings might also be organised together with the Representations, which are interested in cooperating on that topic. We might also explore if other institutions, like the European Parliament or the Committee of the Regions would like to organise such events with us.
- DG ECFIN intends to continue organising seminars for journalists in Brussels and other places together with the European Journalism Centre and, where appropriate, the ECB. A special focus will be put on journalists from the euro area to whom we might present our findings of the EMU@10 project starting in the first quarter of 2008. Seminars will also be organised for journalists coming from third countries and from the new Member States. For the latter we might, as we did in 2007, organise some of the events in the countries which have just introduced the euro (MT, CY) to make them benefit from the hopefully successful changeover experience in these countries.
- DG ECFIN also intends organising specific programmes for journalists from women magazines or journalists coming from the country holding the (future) Presidency. Depending on the experience with a pilot scheme in 2007, we might also organise seminars for more specialised journalists to inform about our EMU surveillance work, surveys and data bases.
- DG ECFIN will also continue its “pan-European” conferences on the euro preparations in the Member States aiming for euro introduction. These high-level conferences are organised together with the Member States. First contacts with

the Slovak authorities indicate their willingness to organise jointly a larger event in the autumn of 2008, possibly also including the ECB.

- DG ECFIN also envisages organising another thematic euro related conference in Brussels. Following conference on consumer matters in 2005, and on SME preparations in 2007, it might be envisaged to organise an event dedicated to the information needs for vulnerable groups or for public administrations.
- Sharing the expertise of successful changeovers with other Member States is very much appreciated by the Member States still preparing for the euro introduction. DG ECFIN intends to organise a conference on the changeover experience in Malta and Cyprus to which participants from the Dir Com and PAN II networks could be invited.
- Assuming that Slovakia will qualify for euro introduction in 2009, DG ECFIN intends to organise in mid-2008 a public event ("euro festivities") at the occasion of the further enlargement of the euro area in Brussels along the lines of the successful events organised in 2006 for Slovenia and in 2007 for Cyprus and Malta.
- Alternatively, the festivities could take place at the beginning of 2009 and celebrate the entry of Slovakia into the euro area and at the same time the 10th anniversary of EMU.
- Two meetings are again envisaged of the **Directors of Communication** network. One meeting comprising representatives of the EU-27 and one comprising representatives from the non-euro area countries only. One of these events could be organised outside Brussels in a capital of a Member State close to euro introduction.

### The new euro exhibition

The newly developed euro exhibition has met with strong interest from several Member States, including from those who hosted the euro coin genesis exhibition in the past. Before showing the exhibition in the Member States, its rich content (panels, touch screens and PC presentations) will have to be translated into the language of the hosting country.

Contrary to the old euro coin genesis exhibition, the new exhibition will also have to be updated more regularly as it features more topical contents. Given that the exhibition will probably be visited by a lot of school classes, the kids' corner of the exhibition and in particular its interactive parts might be further extended.

Finally, DG ECFIN will explore whether scaled down versions of this exhibition could be produced (a limited number of panels only) and made available for exhibitions in Representations, Europe Direct Relays or other places.

### The Euro Team

The Euro Team is expected to be fully operational in 11 Member States in 2008. We will continue to actively support the network through training seminars, publications, standard presentations, promotional material and a dedicated CIRCA website. At

least two training seminars should be organised in the course of next year for members of the network.

DG ECFIN intends also to make an attempt to further expand the network by inviting additional nominations from professional or consumer organisations.

#### A euro competition

Building on the experience gained with the competitions, which we supported in 2007 in Cyprus and Malta, we intend, at the occasion of the 10th anniversary, to launch euro-area wide euro-related competitions for specific target groups.

Options could be a competition for schools, in which we ask for the submission of videos, graphic arts or photo documentations related to the euro. We could alternatively address such competitions to professional photographers, cartoonists or video artists. Such competitions are particularly appealing because we might use the results of the competition for our own communication activities. Winners could be invited to an award ceremony to Brussels which should be duly publicised. Given the lead times involved, such a competition might have to be launched at the end of 2007 already.

The organisation of the competition (publicity, identification of participants, travel arrangements, management of selection board) would be entrusted to an external contractor.

#### Information activities in third countries

DG ECFIN will continue to carry out various information activities next year in third countries, mainly targeting financial markets representatives and multipliers. DG ECFIN will also continue to make available to delegations in third countries publications, promotional material and stands with information on the euro and EMU.

We will notably organise in the 1st quarter 2008 a euro-related event in Brazil looking at the experience with monetary integration in Europe and drawing lessons for **Latin-America**.

Moreover there will be a number of activities which are organised by the Delegations under a sub-delegation by DG ECFIN.

- **Information activities in Japan:** The Delegation intends to organise the following activities:
  - A series of conferences/seminars on the euro and the EU economy, including a major event with Commissioner Almunia at the fringe of the upcoming G8 meeting.
  - The participation in information fairs such as the yearly tourism forum or in regional promotional events.
  - A video for educational purposes which can be used by the network of the delegation and by European Documentation Centres.

- Distribution of publications on the euro (reprint of the manga and translated ECFIN publications), of euro related promotional items and the development of euro related games.
- **Information activities in the US:** The delegation intends to continue to implement the "Euro Challenge", a High School Student Competition, in which high schools are asked to participate in a competition on the euro and EMU. Compared to previous years, the geographical scope of the competition will be further expanded and more EU Centres of Excellence and other potential "multiplier" partners involved.
  - It is also intended to create a more inter-active, distance-learning website for the Euro Challenge and to develop a high school curriculum on the euro and the European Economy.
  - Finally, the delegation intends to organise, together with US universities and think-tanks, a number of conferences or seminars on the 10 years of the euro involving high-level participants from the EU.
- **Information activities in China:** The Delegation in Beijing suggests to organise the following activities:
  - Organisation of a Euro conference in the first half of 2008. This should be done in close collaboration with either the People's Bank of China or the Ministry of Finance and could take place either in Beijing or Shanghai. It would target the Chinese financial community.
  - Organisation of one or two conference circuits/tours for a speaker from Europe on the Euro in various Chinese Universities.
  - Distribution of leaflets/ brochures to schools in Beijing. This would involve the translation in Chinese, printing (in China) and the distribution of existing material.
  - A short documentary on the euro for Chinese television including interviews with relevant policy EMU/ Euro makers.
  - Promotion material, such as magnets, computer pads could be distributed by the delegation in conferences in which members of the delegation participate and which have a link with EMU/Euro.

DG ECFIN might also financially support, upon request, further euro-related events organised by Delegations in other parts of the world.

#### Publications stands at public events

Stands with publications on the euro and EMU as well as other publications of the Commission will be taken to public events organised by the Commission, mainly within Europe but also in third countries.

Justification: these activities will contribute to the dissemination of information on the euro and EMU within the EU and in third countries.

### 2.2.3. Studies, surveys, publications, website, audio-visual and promotional material

All the activities under this heading will be implemented by the Commission through procurement.

#### Publications:

DG ECFIN has over the last years developed a series of publications for the general public and for specific target groups. Whilst the academic output on EMU related issues will be featured in the European Economy Series and its sub series (Economic Papers and Occasional Papers), a number of leaflets has been developed which provides easily accessible information about key aspects of EMU to the general public.

It is intended to concentrate efforts on a better presentation and distribution of scientific publications and on the up-date of existing general public leaflets, mainly to reflect the enlargement of the euro area and the update of data used in these publications. Up-dates of existing general public publications imply implementing changes in 20 (and sometimes more) language versions and is very human resource intensive.

The following publications will probably have to be updated in the course of 2008:

- The euro and enlargement (leaflet)
- United in diversity (Childrens' brochure and poster)
- History of EMU (brochure and poster)
- The short guide to EMU (leaflet)

We might use the up-date of the History brochure and of the poster to present it as a publication dedicated to the 10<sup>th</sup> anniversary.

We might also update the CD-Rom with high-resolution photos of (circulation and commemorative) coins which we produced in 2007 to reflect recent coin issues.

Finally, we might consider launching a very limited number of new products, such as:

- A short brochure – "10 years of EMU – 10 success stories"
- A check list for SMEs.
- A brochure on EMU for secondary schools, which could accompany the video on EMU (see below)

The production of new publications and the up-date of existing ones, should be done in a way which facilitates distribution on paper and electronically, e.g. through dedicated web presentations.



DG ECFIN also intends to produce a "sound card", a kind of birthday card at the occasion of the 10th anniversary, which provides short (2-3 minutes) oral information on the key benefits for the euro.

### Stands

In view of the 10th anniversary of EMU, DG ECFIN intends to make available to Representations stands built on the concept of the special edition of the History poster (see above). We have produced in 2007 two similar stands and feedback received was very positive.

DG ECFIN also envisages producing stands built on the concept of the United in Diversity Poster, for which we and OPOCE experience significant demand. Such stands could be made available to Representations, to Europe Direct and other info relays and possibly even to a limited number of schools, e.g. schools participating in a competition which we could launch.

### A statue for celebrating the 10th anniversary

DG ECFIN intends to explore the possibility of producing a statue to commemorate the 10<sup>th</sup> anniversary. A renowned artist could be asked to develop a statue symbolising the euro. We might also launch a competition to this effect. The statue could be hosted in Brussels in the Schuman/Berlaymont area.

An alternative could be a "walk of the euro", which in remembrance of the Hollywood Walk of Fame, could present the 15 euro coins (incl. MT and CY) either at a glass wall near the Berlaymont building or in the ground at the BERL piazza.

### Promotional material

DG ECFIN intends to continue to use promotional material with references to the euro, our visual identity or DG ECFIN's internet address at various events. We also intend to make promotional material within certain limits available to Member States, in particular those with whom we have signed Partnership agreements, to members of the Euro Team and to Commission Representations.

We might also develop promotional material like post cards or calendars referring to the 10<sup>th</sup> anniversary or material with a stronger educational element, like play cards or puzzles for distribution to children.

### Advertisements for the 10th anniversary

DG ECFIN intends to investigate to what extent a limited public advertisement campaign could be started to recall and celebrate the 10<sup>th</sup> anniversary. Publicity could be made with banners on buses, at airports, in in-flight magazines or, less costly, on websites.

### External newsletter

Following the external evaluation carried out in 2007, the newsletter is expected to be issued with the same layout, format, frequency (4 times per year) and distribution channels as the revised external newsletter at the end of 2007. DG ECFIN will put

particular emphasis on acquiring new readers through publicity in other Commission publications and websites.

### Surveys

DG ECFIN intends to carry out two **quantitative public opinion surveys** in the new Member States and one survey in the euro area Member States based on the reworked questionnaire in 2007. We might also carry out qualitative studies to further analyse results obtained through the quantitative surveys.

In Malta and Cyprus, DG ECFIN will carry out during and after the dual circulation period surveys to measure the progress of the changeover process and citizens perceptions of it (to be financed probably from the 2007 budget).

Finally, DG ECFIN might carry out, in close cooperation with national authorities, quantitative **surveys** in some of the new Member States (e.g. Slovakia) which are close to their target date, **for specific target groups**, like SMEs. This would allow us to better assess the degree of preparedness in those countries.

### Studies and evaluations

Following the comprehensive evaluation of all PRINCE related activities in 2007 and the evaluation of our Newsletter, it is not intended to launch any major external evaluation. DG ECFIN might nevertheless launch some more specific studies to further develop our communication activities, e.g. for the production of audio-visual material, the further development of our website or the communication on our economic policy work. We might also launch a study on how euro related topics are reflected in the curriculum in the national education systems and what the Commission could do to help the national authorities.

We will also continue to seek feedback from Member States on our activities through the Dir COM network.

### Website

Following the recast of its website at the end of 2007, DG ECFIN will continue to further develop its website as a state-of-the-art tool for communicating with external stakeholders. Further developing multilingualism and interactivity and providing comprehensive and tailor-made information on key ECFIN products (reports, recommendations) will be key priorities.

DG ECFIN intends to further develop the hot issues sections of its website. One important project in 2008 will be the development of an EMU@10 subsite in which the various findings, reports, essays and other relevant background material of the EMU@10 project will be brought together. As far as such hot issue sections are geared to the general public and will feature easily accessible information in all Community languages (e.g. on euro and price stability or supporting the euro competition), DG ECFIN intends working with external contractors for the realisation of such projects.

Finally, DG ECFIN intends to promote a better integration of its own website and the Commissioner's website which are largely devoted to similar topics. Closer

coordination should also be sought to better communicate on issues like the euro and price stability which concern different institutions (ECB, ECFIN, Eurostat).

### Multimedia production

Opinion polls show that citizens have a clear preference for receiving information on the euro via TV and Radio.

DG ECFIN will therefore continue to work with DG COMM on the development of audio-visual products like video-stock shots. We will also continue to work on the production of videos on the euro and EMU. These products could be made available on-line or on CD/DVD to Member States authorities, TV-Stations, journalists, schools, etc.

*Justification: the surveys will be carried out in order to set communication objectives and measure progress in achieving them, and to allow the Commission and Member States to adjust their objectives and strategies in line with the evolving situation. The publications and the website will provide information for the general public and for specific target groups in order to raise awareness on issues related to the euro and EMU. The promotional materials, to be used at conferences and other events, should strengthen the identification with the euro and enhance acceptance.*

8. The following title "3 INTERNATIONAL ECONOMIC AND FINANCIAL AFFAIRS" is added:

### "3 INTERNATIONAL ECONOMIC AND FINANCIAL AFFAIRS"

Other general objectives of DG ECFIN are "to work towards further enlargement" and "to contribute to the implementation of EU external relations policies, notably towards the neighbours of the enlarged Union, by providing support on international economic and financial affairs".

Within this framework, the ABB activity "International Economic and Financial Affairs" implies contributions to the economic aspects of the enlargement process, the Stabilisation and Association Process in the Western Balkans, and the European Neighbourhood Policy (in complement with, respectively, the Barcelona Process with Mediterranean Partner countries and the Partnership and Cooperation Agreements signed with the New Independent States). Furthermore, this activity comprises the analysis of the economies of other non-EU countries, the coordination of the Commission's relations with international financial organisations, and the management of macro-financial assistance to third countries and its coordination with other Community assistance programmes.

The budget lines related to the above activity are the following:

01 03 01 European Bank for Reconstruction and Development

Appropriations for commitments 2008: p.m.

01 03 02 Macroeconomic assistance

Appropriations for commitments 2007: 152,000,000 €

Usually, most expenditures financed by the above budget lines are covered by ad hoc financing decisions of the Commission throughout the budgetary year.

**1.1. 3.1 Budget line 01 03 01 – European Bank for Reconstruction and Development (p.m.)**

**1.2. 3.2 Budget line 01 03 02 – Macroeconomic assistance**

*1.2.1. 3.2.1. Operational assessments*

Several Operational Assessments of financial circuits and controls in third countries recipient of macro-financial assistance

The objective of these operational assessments is to assess the soundness of the fiduciary system of the countries benefiting from macro-financial assistance (MFA). The studies to be carried out in 2008 will focus notably on the follow up of previous missions in the countries involved so as to provide further analysis of the changes that have been implemented in the accounting system, internal and external control bodies, and procedures for budgetary data processing in the Central bank and in the ministries involved in the management of Community funds.

*Justification: These operational assessments are carried out on the basis of the specific Council Decisions for providing macro-economic assistance and the provisions of the Financial Regulation (articles 27, 28, 33, 164, and 165). Furthermore, the special report of the ECA on these activities (March 2002) points out that the Commission should considerably improve the monitoring of the financial management of macro-economic assistance and the transparency of decision making.*

Implementation arrangements: These operational assessments will be carried out through specific contracts to be concluded under a new framework contract to be signed following the launch of a call for tenders in the 3rd quarter 2007. The total estimated budget amount for these operational assessments is 100,000 €.

**3.2.2 Ex-post evaluations**

Ex post Evaluation of the Macro-Economic Assistance in favour of Georgia

This evaluation was included in DG ECFIN's 2007 work programme but was postponed due to the fact that the final disbursement of Macro-Economic Assistance has not been made. It will focus on assessing ex post the contribution of MFA to structural reform and the macroeconomic performance of the recipient country, thereby complementing the MFA implementation reports prepared by DG ECFIN.

*Justification: Such an ex post evaluation is provided for by article 27 of the Financial Regulation and article 21 of the Implementing Rules. It is also foreseen in DG ECFIN Multi-annual Evaluation Programme.*

Implementation arrangements: This ex post evaluation will be carried out through a specific contract to be concluded under one of the DG ECFIN framework contracts signed with Ecorys or TEP-MFA. The estimated budget amount for this ex post evaluations is 150,000 €.

## Meta-evaluation of the evaluations of Macro-Economic Assistance operations carried out in 2004 2008

This meta-evaluation should supply a synthesis on the basis of the 8 evaluation studies of Macro-Economic Assistance operations carried out between 2004 and 2008. Furthermore, the meta-evaluation report should only summarise the findings of the country evaluations but should add another level of analysis to draw out the more general trends, findings, conclusions, lessons and recommendations about the future use of Macro-Economic Assistance, both operationally and at policy level

*Justification: Following the recommendations of the Court of Auditors and in accordance with the Financial Regulation, Macro-Economic Assistance operations in third countries (Western Balkans and the NIS) are to be subject to ex post evaluation. In 2008 DG ECFIN will complete the multi-annual evaluation programme established in 2004 on the basis that an average of two operations, and up to a maximum of three operations per year will be evaluated.*

*Eight evaluation studies have been conducted during this period. The meta-evaluation aims to take stock and support organisational learning and to enable DG ECFIN to discharge its obligations in terms of transparency and accountability. In this context, recourse to an external evaluator ensures that the study is seen by stakeholders as an independent assessment of evaluations.*

Implementation arrangements: This ex post evaluation will in principle be carried out through a specific contract to be concluded under one of DG BUDG's six framework contracts (BUDG06/PO/01/Lot 3). The estimated budget for this ex post evaluations is 150,000 €.

9. The following title "4 FINANCIAL OPERATIONS AND INSTRUMENTS" is added:

"4 FINANCIAL OPERATIONS AND INSTRUMENTS"

Other general objectives of DG ECFIN are "to foster EU growth, employment creation and sustainable development" and "Strengthening co-operation with the EIB Group and actively participating in their governing bodies."

This ABB activity "*Financial Operations and Instruments*" implies many interrelated aspects. It embraces institutional and policy relations with the EIB Group, analysis and policy advice on capital markets including risk capital and financing instruments for SMEs and infrastructure, the management and design of investment financing programmes directed in particular at SMEs, TEN-transport and RTD projects, the management of the borrowing and lending activities of the Communities, the treasury management of off-budget resources and the management of a Guarantee Fund covering certain EU financial activities in countries outside the EU.

Specific Objectives for 2007 embrace for example the participation to the capital increase of the EIF as well as to ensure a sound and efficient management of off-budget resources. The latter embraces the Euratom loans and more generally projects in which Euratom loan facility could be involved. Furthermore, with regard to the general objective "to foster EU growth, employment creation and sustainable development", the ABB activity "Financial Operations and Instruments" covers ECFIN's tasks in the framework of the provision of Euratom loans.

The budget lines related to the above activities are the following:

01 04 09 European Investment Fund

01 04 10 Nuclear Safety

#### 4.1 Budget line 01 04 09 – European Investment Fund

##### European Investment Fund Capital Increase

These Tasks are resulting from Article 3 of Council Decision 1994/375/EC of 6 June 1994 on Community membership of the European Investment Fund (OJ L 173, 7.7.1994, p. 12) and from Council Decision 2007/247/EC of 19 April 2007 on the Community participation in the capital increase of the European Investment Fund (OJ L 107, 25.4.2007, p. 5).

Increase of the Community participation in the capital of the EIF: Article 3 of Council Decision 1994/375/EC stipulates that the position of the Community on a possible increase in the capital of the EIF and on its participation in that increase shall be decided unanimously by the Council, acting on a proposal from the Commission and after consulting the European Parliament. The Council Decision on Community participation in the capital increase of the EIF was adopted in April 2007. It approves Community participation in the 50 % increase in the nominal capital of the EIF and proposes to maintain the level of the Community participation at 30 % by 2010.

Community participation in the capital increase will take place in four instalments starting with 2007 and is also foreseen in the financial perspective 2007-2013. Any revenue from dividends paid by the European Investment Fund during 2007-2010, entered in Article 850 of the statement of revenue, may give rise to the provision of additional appropriations to be entered in this item, in accordance with Article 18 of the Financial Regulation. The remainder of these dividends (depending on the unitary price of share decided at the start of 2008) is used in the following year.

The first increase took place in 2007 through a specific financing decision. The magnitude of the effective capital increase (fresh appropriations and use of dividends) for 2008 is expected to be of 30.000.000 €.

#### 4.2 Budget line 01 04 10 – Nuclear Safety

##### Nuclear Safety

Council Decision 94/179/Euratom of 21 March 1994 authorising the Commission to contract Euratom borrowings in order to contribute to the financing required for improving the degree of safety and efficiency of nuclear power stations in certain non-member countries (OJ L 84, 29.3.1994, p. 41). This decision amends the Decision 77/270/Euratom of 29 March 1977 empowering the Commission to issue Euratom loans for the purpose of contributing to the financing of nuclear power stations in the Community (OJ L 88, 6.4.1977, p. 9). The subsequent guidelines relating to these two decisions adopted by the Council invite the Commission to carry out assessments of the projects including technical and economic studies,

including a recommendation from the EIB. Legal support is also required for the preparation and implementation of the loan contracts.

Projects in the nuclear sector tend to be very complicated and politically sensitive. It is moreover difficult to estimate when a loan application is likely to be received. However, several projects (in member and non-member countries) for which the promoters have indicated their interest to receive Euratom loans are currently coming closer to a final decision, so the Commission should be prepared to evaluate such applications.

Depending on the type of project, the appropriation is intended to cover expenditures related to the preparation, granting and implementation of Euratom loans. In particular they include:

According to the Council Guidelines for Euratom loans, for projects in non-member countries, the Commission must examine the technical and economic aspects of candidate projects. To that end, the necessary studies need to be carried out by qualified independent experts.

The Council Decisions on Euratom loans stipulate that the EIB must prepare a recommendation to the Commission on the economic and financial aspects of candidate projects.

Given the complexity of the matter and the substantial amount of money involved in the Euratom financing, the drafting, negotiation and implementation of the Loan Agreement (and the Guarantee Agreement, if necessary) require specialised expertise that can only be found in some of the major international law firms. It is intended to set up a framework agreement that would make available such expertise when required.

As it is very likely that new projects will arise in 2008, it is necessary to fund external technical and legal assistance in the framework of the provision of Euratom loans.

The yearly appropriations for 2008 are of maximum 1.000.000€. It will imply studies and/or legal drafting and/or expertise. The corresponding contracts will be granted in full respects or the tendering procedures in force at Commission level.

**Summary of the ANNEX to the**  
**COMMISSION DECISION amending Commission decision C(2007)3500 on adopting a**  
**2008 work programme for grants in the field of economic and financial affairs**

1. General

The annex provides a detailed description of the different actions to be carried out, by means of grants or procurements, as part of DG ECFIN's 2008 financing decision. The activities concerned are the following: Economic and Monetary Union, International Economic and Financial Affairs and Financial Operations and Instruments.

2. Economic and Monetary Union

As regards conferences, workshops and seminars (section 2.1.3), the annex lists the following events: the fifth Annual Economic research Conference, the Economic Seminar Programme and the Visiting Fellows Programme, the Business and Consumer Surveys workshop, the workshop on the drivers of inflation in the new EU Member States, the workshop on spillovers and interlinkages of structural reforms in the Lisbon strategy, the conference on the economic underpinnings of the Lisbon strategy, the country workshops and the workshop on the new member States integrating in the EU.

DG ECFIN will again require access to various statistical data bases providing economic and financial information (section 2.1.4) and produce a number of economic publications (section 2.1.6).

The study and evaluation programme for 2008 (section 2.1.5) will cover an EU-wide business survey in the financial service sector, as well as a series of studies: financial stability in converging European economies, modelling financial integration and financial convergence in present and future EU Member States, determinants of residential prices and construction, evaluation of ECFIN's fiscal surveillance activities, development and exploitation of MICREF, channels of financial market contagion, fiscal aspects of climate change, volatility in South East Europe.

The PRINCE programme (section 2.2.) will focus its activities on partnership agreements, twinning programmes, conferences and events, the new euro exhibition, the euro team, a euro competition, information activities in third countries, publication stands, studies, surveys, website, promotional material and the external newsletter.

3. International Economic and Financial Affairs

The 2008 work programme foresees macro-economic assistance to third countries and associated activities (operational assessments of financial circuits in recipient countries, ex-post evaluation of macro-economic assistance, meta-evaluation of the earlier evaluations).

4. Financial Operations and Instruments

The following actions are mentioned: capital increase of the European Investment Fund and financing for nuclear safety in third countries.