



Outline

- 1. Key Features of the EU Budget and new challenges**
- 2. Why is performance a priority?**
- 3. What is 'EU Budget Focused on Results'?**
- 4. BFOR progress overview**
- 5. Challenges and future steps**



*"Make sure that every action we take delivers
maximum performance and value added"*

Jean-Claude Juncker



EU Budget – Key features

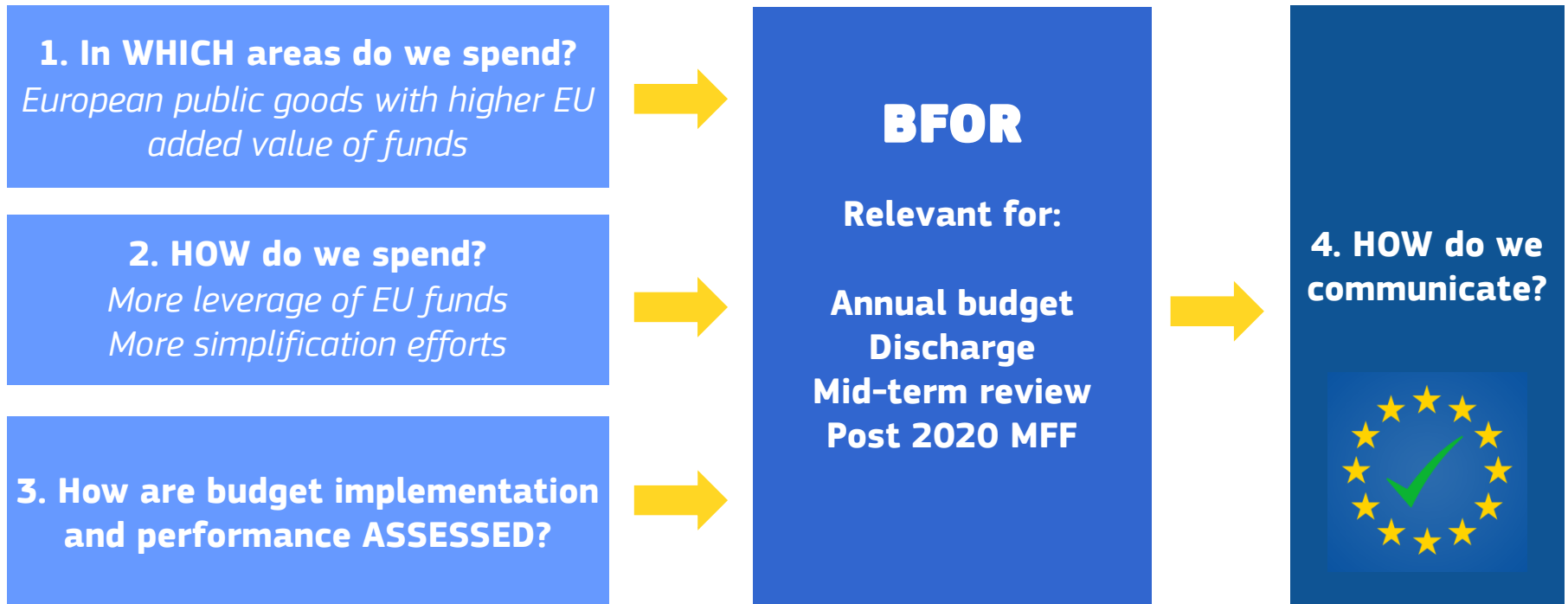
EU Budget is different from national budgets:

- **Content:** mainly financing investments, expenditure with military implications precluded by the Treaty; hence, its **small size** (~ 1% EU GNI)
- **Expenditure driven** and must be in **balance**
- It has a **multiannual** nature
- The Commission is responsible for budget implementation, but 80% is implemented **together with Member States**
- Tightly **controlled**

Why is performance a priority?

- **Scarce resources**
- **Evaluated on Performance** together with compliance and legality
- **Improve the communication** on the EU budget

What is EU Budget Focused on Results?



1. In WHICH areas do we spend?

European public goods with higher EU added value

- Higher amounts in key **growth and competitiveness** areas
- Multiple objectives: example climate mainstreaming
- **Flexibility** of the EU Budget to respond to the emergencies (**i.e. migration**)

2. HOW do we spend?

More leverage of EU funds, more simplification efforts

- Higher **leverage** for EU money
- **Performance improvements** in the new MFF 2014-2020:
 - Reinforced link to **economic governance**
 - Structured programme **performance framework** and performance reserve
 - **Simplified** delivery system
- A system to **measure and communicate past performance**

3. How are budget implementation and performance assessed ?

Managing legality, risks and performance:

- Focus on **performance** as well as compliance
- **Actual impact of the EU Budget** at the core of our efforts
- Keeping **legality and risk** of the EU Budget **under check**, working on:
 - Simplification
 - Cost-effective controls
 - In-depth analysis of structural error
 - Acknowledge Multiannual nature of the corrective measures of the EU Budget

4. HOW do we communicate?

- EU Stakeholders
- Beneficiaries
- Citizens





Challenges

- Time inconsistency between political and investment cycle
- Balance unrealistic expectation
- Need for engagement by all stakeholders

BFOR progress overview

BFOR	Objective & Progress
<p>In which areas do we spend?</p>	<p>WS1. Simplification Diminish administrative burden (more simplified cost options , admin. simplification scoreboard and use of Financial instruments)</p>
<p>How do we spend?</p>	<p>WS2. Performance framework Support decision-making with meaningful performance information (Closer alignment to political priorities, Strategic and management planning, OECD cooperation)</p>
<p>How are budget implementation and performance assessed?</p>	<p>WS3. Cost-effectiveness of controls & WS4. Discharge Remove inefficient & ineffective controls and identify appropriate materiality thresholds which can be efficiently achieved (Common methodology and indicators , amount at risk: multiannual corrections and recoveries)</p>
<p>How do we communicate?</p>	<p>WS5. EU Result Improve communication on policy outcomes by improving access to project data and results (EU results pilot phase 800+ projects, Conference 27/09)</p> <p>WS6: Outreach and communication Create awareness and shape attitudes</p>



Simplification, Flexibility and Leverage

The Commission analyses the existing regulations in view of:

- **Fostering simplification**

- Set a level-playing field for different forms of support from the EU Budget
- Facilitate the uptake of Simplified Cost Options

- **Increase flexibility in the implementation**

- Better alignment of the EU's spending priorities with its overarching policy objectives in preparing new legislative initiatives
- The 2016 budget is a good example of how we give priority to existing priorities

- **Maximize leverage**

- Single set of rules in case different forms of financing are combined in the same action



Performance framework

Main changes introduced in the revised SPP cycle:

- **Simplification and reduction of number of Commission objectives and indicators:**
 - 11 shared general objectives at Commission level (impact indicators)
 - specific objectives at DG level (5 KPI at DG Level)

Reporting on budget performance - challenges ahead:

- **Development of analytical tools** to demonstrate *"the extent to which the operational expenditure made under spending programmes have contributed to policy achievements and generated EU added value"*
- **Streamline communication on budget results** - improve consistency across all budget related communications and reports
- **External assessment**



ECA's annual report 2014

Compliance

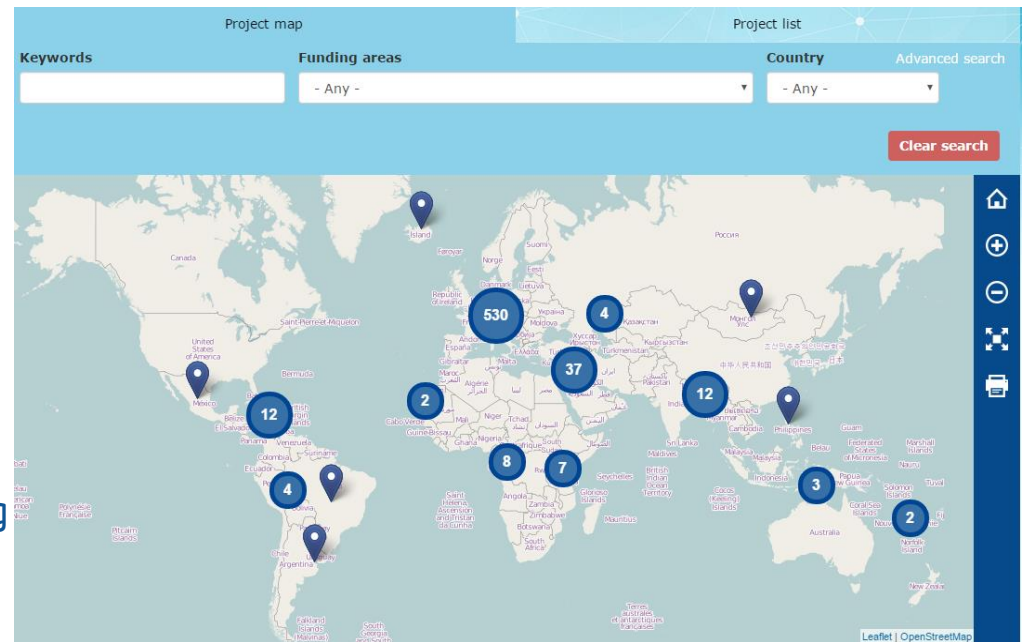
- **Accounts** were **signed off** for the 8th consecutive year and 2014 **error rate** is **4.4 %** and **stable**

Performance and EU2020

- **EU strategy and the MFF** need to be better aligned in terms of timing
- High level political aims of the EU strategy need to be translated into useful **operational targets** for managers
- **Partnership agreements and programmes** should set out **quantified results and common indicators**.

EU Results

- A web app to communicate examples on **how the EU Budget is spent**
- **765 projects in the web app** and growing
- Projects in Europe and beyond covering **all kinds of funding areas**





Milestones for 2016

- Draft Budget 2017 (May)
- Expert group on PBB (2nd meeting, June/July)
- Reporting on 2015 Budget (June)
- Communication on MTR review and BFOR
- Conference BFOR, 27 September 2016



EU Budget

EU Budget

http://ec.europa.eu/budget/index_en.cfm

EU Results

<http://ec.europa.eu/budget/euprojects/>

Budget Focused on Results – Conference

http://ec.europa.eu/budget/budget4results/programme/index_en.cfm

EU annual budget life-cycle

http://ec.europa.eu/budget/annual/index_en.cfm

EU Budget in my country

http://ec.europa.eu/budget/mycountry/index_en.cfm



European
Commission

Thank you!