Budget Focused on Results
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 of funds

2. HOW do we spend?
   More leverage of EU funds
   More simplification efforts

3. How are budget implementation and performance ASSESSED?

4. HOW do we communicate?
   Relevant for:
   Annual budget
   Discharge
   Mid-term review
   Post 2020 MFF

#EUBudget4Results
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

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<tr>
<th>BFOR</th>
<th>Objective &amp; Progress</th>
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| **In which areas do we spend?**          | **WS1. Simplification**  
Diminish administrative burden  
(more simplified cost options, admin. simplification scoreboard and use of Financial instruments) |
| **WS2. Performance framework**           | Support decision-making with meaningful performance information  
(Closer alignment to political priorities, Strategic and management planning, OECD cooperation) |
| **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) |
| **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) |
| **WS6: Outreach and communication**      | Create awareness and shape attitudes |
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
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
Thank you!