

ANNEX 1: Statement of the Internal Control Coordinator and the Resources Director

I declare that in accordance with the Commission's Communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission⁴⁹, I have reported my advice and recommendations to the Director-General on the overall state of internal control in DG ENTR.

I hereby certify that the information provided in Part 2 of the present AAR is, to the best of my knowledge, accurate and exhaustive.

Brussels, 25 March 2011

(Signed)

John Farnell

Internal Control Coordinator

I hereby certify that the information provided in Part 3.1 of the present AAR and its annexes 2 to 6 is, to the best of my knowledge, accurate and exhaustive.

Brussels, 25 March 2011

(Signed)

Carlo Pettinelli

Director Resources and Communication

⁴⁹ SEC(2003)59 of 21.01.2003.

ANNEX 2: Human and Financial resources by ABB activity

Code ABB Activity	ABB Activity	Human Resources by ABB activity		
		Establishment Plan posts	Estimates of External Personnel	Total
02.01	Administrative expenditure of Enterprise policy area	Not applicable	Not applicable	Not applicable
02.02	Competitiveness, industrial policy, innovation and entrepreneurship	299	54	353
02.03	Internal market for goods and sectoral policies	191	31	222
02.04	Cooperation — Space and Security	72	30	102
02.05	EU satellite navigation programmes (EGNOS and Galileo)	60	14	74
02 AWBL-01	Administrative support for Enterprise Directorate - General	131	21	152
02 AWBL-02	Policy strategy and coordination for Enterprise Directorate-General	81	13	94
19 AWBL-03	External service	1	0	1
Total		835	163	998

General remark: the above data rely on the snapshot of Commission personnel actually employed in each DG/ service as of 31/12/2010. These data do not constitute full-time-equivalent units throughout the year. Where relevant, DGs/services put remarks on substantial differences between original planning and actual occupation as of 31/12/2010

IMPLEMENTATION OF THE GLOBAL ENVELOPE

BUDGET LINES CONCERNED: 02 01 02 11 00 01 TO 02 01 02 11 00 06

(based on information received from BUDG services following the 2012 Budget circular)

(IN EUROS)		APPROPRIATIONS 2010 (C1)			APPROPRIATIONS carried over (C8)	
BUDGET LINE	BUDGET LINE DESCRIPTION	AVAILABLE APPROPRIATIONS 2010	COMMITMENTS 2010	2010	AMOUNTS OF APPROPRIATIONS CARRIED OVER FROM 2009	% IMPLEMENTATION ON APPROPRIATIONS CARRIED OVER FROM 2009
02.010211.00	Other management expenditure	57,141	-	-	-	-
02.010211.00.01.10	Mission expenses	2,116,209	2,116,209	1,762,026	272,639	51.28%
02.010211.00.01.30	Representation expenses	48,050	48,050	39,664	1,524	100,00%
02.010211.00.02.20	Meeting costs	1,146,000	1,146,000	955,789	361,613	56.86%
02.010211.00.02.40	Conference costs	1,027,707	959,814	462,808	208,237	88.27%
02.010211.00.03	Meetings of committees	340,000	340,000	264,697	89,895	48.93%
02.010211.00.04	Studies and consultations	94,893	86,614	17,332	38,672	100,00%
02.010211.00.05	Development of management and information systems	650,000	649,567	112,283	494,833	97.88%
02.010211.00.06	Further training and management training	340,004	340,000	129,493	134,700	86.06%
	TOTAL	5,820,004	5,686,254	3,744,092	1,602,113	

ANNEX 3 Financial Reports - DG ENTR - Financial Year 2010

Annex 3 Financial Reports - DG ENTR - Financial Year 2010

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Economic Outturn Account

Table 6 : Average Payment Time Limits

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures (excluding Building Contracts)

Table 12 : Summary of Contracts (excluding Building Contracts)

Table 13 : Building Contracts

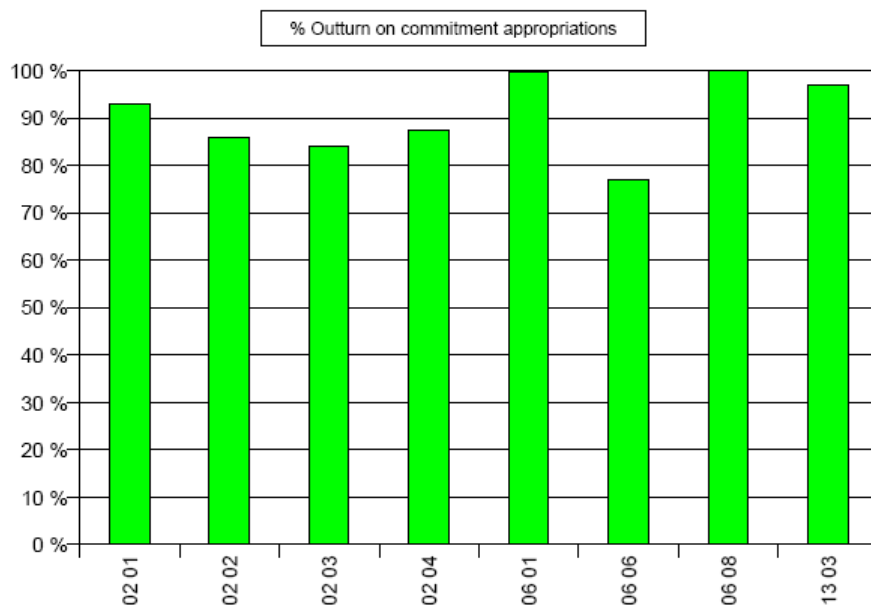
Table 14 : Contracts declared Secret

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Commitment appropriations authorised *	Commitments made	%
		1	2	3=2/1
Title 02 : Enterprise				
02 01	Administrative expenditure of 'Enterprise' policy area	38,32	35,69	93,13 %
02 02	Competitiveness, industrial policy, innovation and entrepreneurship	44,36	38,18	86,07 %
02 03	Internal market for goods and sectoral policies	89,16	75,02	84,15 %
02 04	Cooperation & Space and security	240,35	210,52	87,59 %
Total Title 02		412,19	359,42	87,20 %
Title 06 : Energy and transport				
06 01	Administrative expenditure of 'Energy and transport' policy area	6,76	6,75	99,84 %
06 06	Research related to energy and transport	39,32	30,34	77,15 %
06 08	EU satellite navigation programmes (EGNOS and Galileo)	929,28	928,66	99,93 %
Total Title 06		975,35	965,74	99,01 %
Title 13 : Regional policy				
13 03	European Regional Development Fund and other regional operations	1,00	0,97	97,14 %
Total Title 13		1,00	0,97	97,14 %
Total DG ENTR		1.388,54	1.326,13	95,51 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

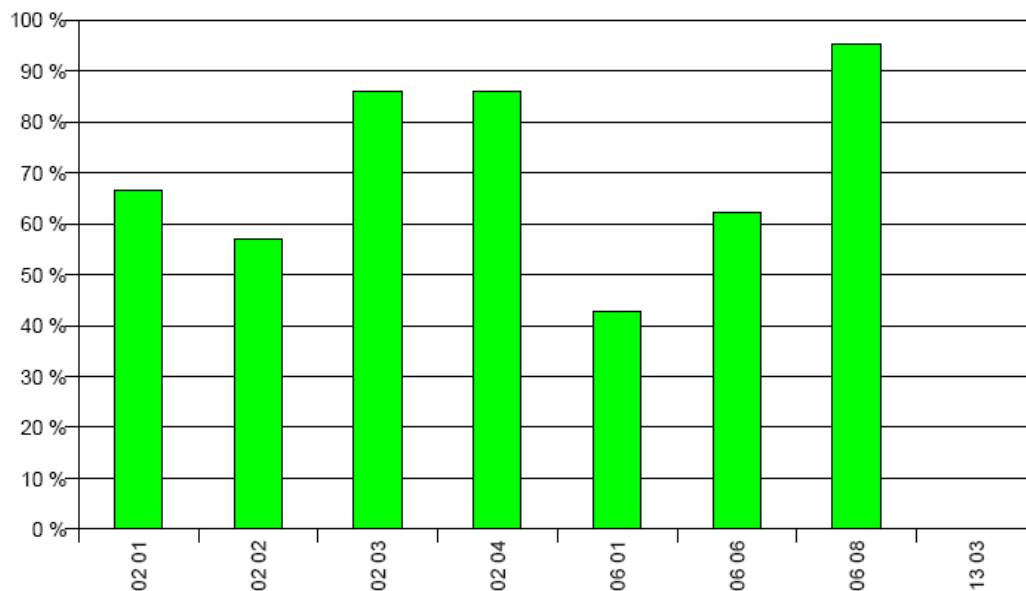


Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2010 (in Mio €)				
Chapter		Payment appropriations authorised *	Payments made	%
		1	2	3=2/1
Title 02 : Enterprise				
02 01	Administrative expenditure of 'Enterprise' policy area	47,67	31,71	66,53 %
02 02	Competitiveness, industrial policy, innovation and entrepreneurship	66,92	38,16	57,03 %
02 03	Internal market for goods and sectoral policies	75,40	64,82	85,96 %
02 04	Cooperation & Space and security	217,63	186,85	85,86 %
Total Title 02		407,61	321,54	78,88 %
Title 06 : Energy and transport				
06 01	Administrative expenditure of 'Energy and transport' policy area	8,11	3,46	42,65 %
06 06	Research related to energy and transport	31,87	19,81	62,14 %
06 08	EU satellite navigation programmes (EGNOS and Galileo)	482,60	460,17	95,35 %
Total Title 06		522,58	483,43	92,51 %
Title 13 : Regional policy				
13 03	European Regional Development Fund and other regional operations	1,00	0,00	0,00 %
Total Title 13		1,00	0,00	0,00 %
Total DG ENTR		931,19	804,97	86,45 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

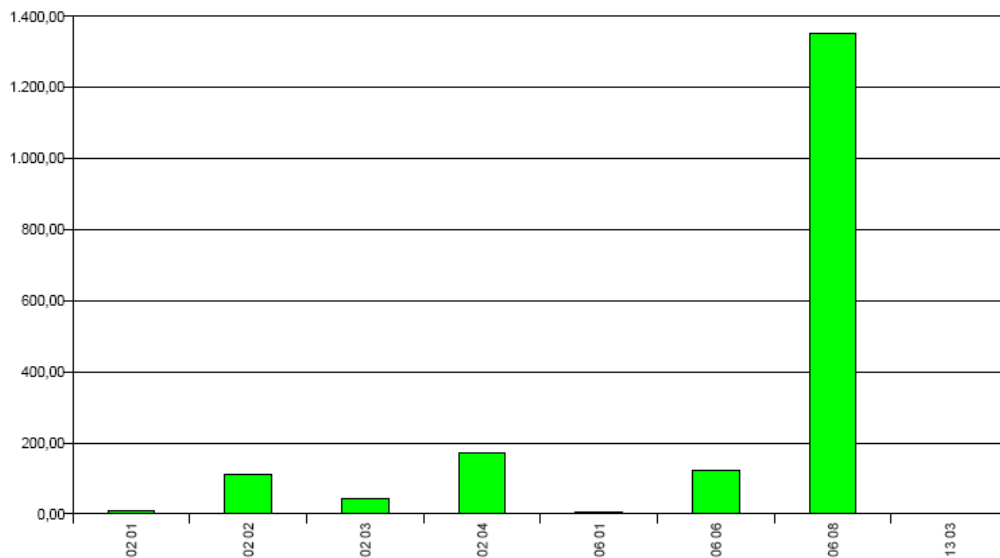
% Outturn on payment appropriations



Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2010 (in Mio €)								
Chapter		2010 Commitments to be settled				Commitments to be settled from financial years previous to 2010	Total of Commitments to be settled at end of financial year 2010 (Incl. corrections)	Total of Commitments to be settled at end of financial year 2009 (Incl. corrections)
		Commitments 2010	Payments 2010	RAL 2010	% to be settled			
		1	2	3=1-2	4=1-2//1	5	6=3+5	7
Title 02 : Enterprise								
02 01	Administrative expenditure of 'Enterprise' policy area	35,59	24,76	10,83	30,43 %	0,11	10,94	9,55
02 02	Competitiveness, industrial policy, innovation and entrepreneurship	38,18	4,78	33,40	87,48 %	76,61	110,01	113,69
02 03	Internal market for goods and sectoral policies	75,02	48,22	26,80	35,72 %	16,39	43,19	40,25
02 04	Cooperation & Space and security	210,52	115,90	94,62	44,95 %	75,79	170,42	150,17
Total Title 02		359,31	193,66	165,65	46,10 %	168,90	334,55	313,66
Title 06 : Energy and transport								
06 01	Administrative expenditure of 'Energy and transport' policy area	6,69	2,14	4,55	68,04 %	0,00	4,55	1,35
06 06	Research related to energy and transport	30,34	0,05	30,29	99,85 %	91,46	121,74	111,30
06 08	EU satellite navigation programmes (EGNOS and Galileo)	928,66	9,66	919,00	98,96 %	433,24	1.352,24	883,94
Total Title 06		965,69	11,85	953,84	98,77 %	524,70	1.476,53	996,60
Title 13 : Regional policy								
13 03	European Regional Development Fund and other regional operations	0,97	0,00	0,97	100,00 %	0,00	0,97	0,00
Total Title 13		0,97	0,00	0,97	100,00 %	0,00	0,97	0,00
Total DG ENTR		1.325,97	205,51	1.120,46	84,50 %	693,60	1.814,06	1.310,26

Breakdown of Commitments remaining to be settled (in Mio EUR)



Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 4 : BALANCE SHEET ENTR

BALANCE SHEET	2010	2009
A.I. NON CURRENT ASSETS	6.805.168,27	7.159,30
A.I.2. Property, plant and equipment	6.798.008,97	
A.I.6. LT Receivables	7.159,30	7.159,30
A.II. CURRENT ASSETS	373.264.568,39	66.490.733,54
A.II.1. Inventories	8.546.308,73	
A.II.2. Short-term Pre-Financing	341.729.279,55	57.397.210,69
A.II.3. Short-term Receivables	23.001.330,11	9.105.872,85
A.II.5. Cash and Cash Equivalents	-12.350,00	-12.350,00
ASSETS	380.069.736,66	66.497.892,84
P.III. CURRENT LIABILITIES	-70.166.324,28	-64.752.546,13
P.III.2. Short-term provisions	-1.100.125,94	-1.043.929,77
P.III.4. Accounts Payable	-69.066.198,34	-63.708.616,36
LIABILITIES	-70.166.324,28	-64.752.546,13
NET ASSETS (ASSETS less LIABILITIES)	309.903.412,38	1.745.346,71
P.I.2. Accumulated Surplus / Deficit	0,00	0,00
Non-allocated central (surplus)/deficit*	-309.903.412,38	-1.745.346,71
TOTAL	0,00	0,00

* This figure is a balancing amount presented here so as to reflect the fact that the accumulated result of the Commission is not attributed to each DG

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 5 : ECONOMIC OUTTURN ACCOUNT ENTR

ECONOMIC OUTTURN ACCOUNT	2010	2009
II.1 SURPLUS/ DEF. FROM OPERATING ACTIVIT	1.534.310.868,55	220.402.966,81
II.1.1. OPERATING REVENUES	-15.214.980,01	-16.776.241,47
II.1.1.1. Other operating revenue	-15.214.980,01	-16.776.241,47
II.1.2. OPERATING EXPENSES	1.549.525.848,56	237.179.208,28
II.1.2.1. Administrative Expenses	22.811.140,55	18.657.941,89
II.1.2.2. Operating Expenses	1.526.714.708,01	218.521.266,39
II.2. SURPLUS/DEF. NON OPERATING ACTIVIT	-5.206.059,01	-1.171.261,70
II.2. FINANCIAL OPERATIONS	-5.206.059,01	-1.171.261,70
II.2.1. Financial revenue	-5.206.059,01	-1.172.721,11
II.2.2. Financial expenses	0,00	1.459,41
ECONOMIC OUTTURN ACCOUNT	1.529.104.809,54	219.231.705,11

It should be noted that the balance sheet and economic outturn account presented in Annex 3 to this Annual Activity Report, represent only the (contingent) assets, (contingent) liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and economic outturn account they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 6: AVERAGE PAYMENT TIME LIMITS FOR 2010 - DG ENTR

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
19	1	1	100,00 %	13,00			
20	4	3	75,00 %	9,67	1	25,00 %	21,00
30	1076	1051	97,68 %	13,42	25	2,32 %	37,60
45	1254	1208	96,33 %	16,10	46	3,67 %	96,52
60	238	238	100,00 %	13,33			
90	1	1	100,00 %	35,00			
105	16	16	100,00 %	50,88			

Total Number of Payments	2590	2518	97,22 %		72	2,78 %	
Average Payment Time	16,61			14,94			75,01

Target Times							
Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
19	1	1	100,00 %	13,00			
20	100	93	93,00 %	11,87	7	7,00 %	25,14
30	2471	2315	93,69 %	13,99	156	6,31 %	54,29
45	1	1	100,00 %	8,00			
75	1	1	100,00 %	35,00			
90	16	15	93,75 %	47,27	1	6,25 %	105,00

Total Number of Payments	2590	2426	93,67 %		164	6,33 %	
Average Payment Time	16,61			14,12			53,35

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
59	37	551	21,27 %	2590	211.837.133,73	26,86 %	788.684.640,89

Late Interest paid in 2010			
DG	GL Account	Description	Amount (Eur)
DG ENTR	65010100	Interest on late payment of charges New FR	0,00
			0,00

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2010

Chapter	Revenue and income recognized			Revenue and income cashed from			Outstanding balance	
	Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total		
	1	2	3=1+2	4	5	6=4+5		
Title 5: REVENUE ACCRUING FROM THE ADMINISTRATIVE OPERATION OF THE INSTITUTION								
52	REVENUE FROM INVESTMENTS OR LOANS GRANTED, BANK AND OTHER INTEREST	832.166,13	0,00	832.166,13	832.166,13	0,00	832.166,13	0,00
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	32.163,00	0,00	32.163,00	32.163,00	0,00	32.163,00	0,00
Total Title 5		864.329,13	0,00	864.329,13	864.329,13	0,00	864.329,13	0,00
Title 6: CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH COMMUNITY/EU AGREEMENTS AND PROGRAMMES								
60	CONTRIBUTIONS TO COMMUNITY/EU PROGRAMMES	7.919.939,00	0,00	7.919.939,00	7.919.939,00	0,00	7.919.939,00	0,00
66	OTHER CONTRIBUTIONS AND REFUNDS	11.390.158,33	980.244,90	12.370.403,23	11.200.155,06	829.999,46	12.030.154,52	340.248,71
Total Title 6		19.310.097,33	980.244,90	20.290.342,23	19.120.094,06	829.999,46	19.950.093,52	340.248,71
Title 7: INTEREST ON LATE PAYMENTS AND FINES								
71	FINES	11.510.640,00	4.698.864,00	16.209.504,00	0,00	0,00	0,00	16.209.504,00
Total Title 7		11.510.640,00	4.698.864,00	16.209.504,00	0,00	0,00	0,00	16.209.504,00
Title 9: MISCELLANEOUS REVENUE								
90	MISCELLANEOUS REVENUE	252.603,83	100.332,72	352.936,55	251.295,78	13.942,72	265.238,50	87.698,05
Total Title 9		252.603,83	100.332,72	352.936,55	251.295,78	13.942,72	265.238,50	87.698,05
Total DG ENTR		31.937.670,29	5.779.441,62	37.717.111,91	20.235.718,97	843.942,18	21.079.661,15	16.637.450,76

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 8 : RECOVERY OF UNDUE PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

RECOVERY ORDERS ISSUED IN 2010 Year of Origin (commitment)	Error		Irregularity		No error / irregularity		TOTALS	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2002	3	75.428,86	3	52.375,69	1	14.413,15	7	142.215,70
2003			2	6.656,97			2	6.656,97
2004	9	215.593,82	34	335.663,88			43	551.257,68
2005	28	181.068,53	23	423.507,21			51	604.575,74
2006	9	192.789,82	27	232.804,88			36	425.594,68
2007	4	94.895,69					4	94.895,69
2008	3	84.924,75	1	11.640,00			4	96.564,75
2009					5	8.205.702,79	5	8.205.702,79
2010					1	341.835,84	1	341.835,84
No Link					26	13.571.730,00	26	13.571.730,00
	56	824.689,47	90	1.062.648,59	33	22.133.681,78	179	24.021.019,84

EXPENSES	Error		Irregularity	
	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES	26	-163.783,00	14	-420.663,18

	Error		Irregularity		No error / irregularity	
	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount	Nbr	Non-Eligible Amount
NON ELIGIBLE AMOUNT IN COST CLAIMS	59	3.411.822,57	34	1.483.882,42	18	1.900.812,19

	Error		Irregularity		No error / irregularity	
	Nbr	Credit Note Amount	Nbr	Credit Note Amount	Nbr	Credit Note Amount
CREDIT NOTES	69	-1.437.012,03	18	-399.824,84	3	-18.434,24

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2010 FOR ENTR

Year of Origin	Number at 01/01/2010	Number at 31/12/2010	Evolution	Open Amount (Eur) at 01/01/2010	Open Amount (Eur) at 31/12/2010	Evolution
1996	1	1	0,00 %	25.894,87	25.894,87	0,00 %
1997	1	1	0,00 %	70.000,00	70.000,00	0,00 %
1998	1	1	0,00 %	16.390,00	16.390,00	0,00 %
2000	2	1	-50,00 %	70.445,37	13.098,79	-81,41 %
2006	1		-100,00 %	300.000,00		-100,00 %
2007	2	1	-50,00 %	152.342,50	62.500,00	-58,97 %
2008	1		-100,00 %	5.022,07		-100,00 %
2009	18	5	-72,22 %	5.139.346,81	4.747.615,78	-7,62 %
2010		25			11.701.951,32	
Totals	27	35	29,63 %	5.779.441,62	16.637.450,76	187,87 %

Note: The figures are those related to the provisional accounts and not yet audited by the Court of Auditors

TABLE 10 : RECOVERY ORDER WAIVERS IN 2010 >= EUR 100.000						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
1	3233100271	3240610349	-300.000,00	Private Companies		

Total DG ENTR	-300.000,00
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Number of RO waivers	1
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Justifications:

Adjustments resulting from an audit dating back to 2005 could not be recovered following bankruptcy of the beneficiary. The recovery order was waived in 2010 after classification by OLAF as 'non-case'.

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG ENTR - YEAR 2010

Contracts > 60.000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 126 1b	3	355.550,00
Art. 126 1f	1	456.439,90
Art. 127 1a	1	99.976,00
Total	5	911.965,90

TABLE 12 : SUMMARY OF PROCEDURES OF DG ENTR EXCLUDING BUILDING CONTRACTS

Internal procedures > € 60,000	2009		2010	
	Count	Amount (€)	Count	Amount (€)
Contract Class				
Service	43	231.233.621,15	34	39.863.483,07
TOTAL	43	231.233.621,15	34	39.863.483,07
Procedure Type	Count	Amount (€)	Count	Amount (€)
Negotiated Procedure after publication of a contract notice Art. 127 IR	2	3.249.061,00	1	99.976,00
Negotiated Procedure with at least one candidate (Art 129.3 IR)	1	19.639.133,00		
Negotiated Procedure without publication of a contract notice Art. 126 IR	1	172.008.287,16	4	811.989,90
Open Procedure (Art. 122.2 IR)	38	36.088.277,99	28	38.828.217,17
Restricted Procedure involving a call for expressions of interest (AMI) (Art. 128 IR)			1	123.300,00
Payment against invoices (Art. 129.4 IR)	1	248.862,00		
TOTAL	43	231.233.621,15	34	39.863.483,07

External procedures > € 10,000
Contract Class
TOTAL
Procedure Type
TOTAL

Additional Comments

The proportion of negotiated procedures, in relation to the total number of public procurement procedures, for our General Directorate is 14.7% for 2010. This represents an increase of more than 10% in relation to 2009.

The number of negotiated procedures (five in 2010), remains relatively low, also in comparison to the decrease of the total number of procedures (34 in 2010 against 43 in 2009). The negotiated procedures remain exceptions.

One negotiated procedure concerns the EGNOS programme, transferred from DG MOVE to DG ENTR in 2010. Two other procedures are strictly linked to open call for tenders (absence of offers in an open call for tenders in one case, negotiated procedure already foreseen in the initial tendering specifications of an open call for tenders in another case). Two other negotiated procedures are the result of specific technical requirements.

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)
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TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	0
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)
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ANNEX 4: Materiality criteria

This annex provides a detailed explanation on how Enterprise and Industry Directorate General defined the materiality threshold as a basis for determining significant weaknesses that should be subject to a formal reservation to the declaration of the Director-General.

In line with Commission guidelines, the deficiencies leading to reservations should fall within the scope of the declaration of assurance. The following type of possible deficiencies could be relevant in the DGs' context:

- Significant weaknesses in the internal control system
- Significant errors detected during ex post controls
- Major critical issues identified by the European Court of Auditors or the Internal Audit Service
- Insufficient evidence from internal control systems or audit coverage
- Evidence that a significant risk remained unmitigated
- A significant risk for the reputation of the Commission

In case significant weaknesses are identified, a quantification of the amount at risk should be carried out, if possible.

Taking into account the diverse structure of the activities performed by Enterprise and Industry Directorate, materiality criteria are defined for:

- Delegation Agreements with International Organisations (joint management and centralised indirect management)
- Research expenditure (FP6 and FP7)
- Other direct expenditure

These activities have different risk profiles and have their own control and supervision arrangements. The materiality criteria for Research expenditure are defined in common agreement with the other DG's of the 'Research family' (RTD, INFSO, MOVE, ENER).

Delegation agreements under joint and indirect centralised management

A threshold of 2% is applied to expenditure under joint management and indirect management, implemented by delegation agreements with International Organisations, assessed against the part of the budget spent in that specific implementation mode.

For the assessment of materiality, a distinction will be made between the own costs reported by the International Organisation and the Industrial procurements executed by the International Organisation on behalf of the Commission.

Research expenditure

Because of its multiannual nature, the effectiveness of the Research DGs' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systematic errors have been detected and corrected. The control objective is to ensure for each FP that the residual error rate, i.e. the level of errors which

remain undetected and uncorrected, does not exceed 2% by the end of the management cycle. This objective is to be reassessed annually, in view of the results of the implementation of the ex-post audit strategy and taking into account both the frequency and importance of the errors found as well as a cost-benefit analysis of the effort needed to detect and correct them.

Notwithstanding the multiannual span of their control strategy, the Director Generals of the Research DGs are required to sign a statement of assurance for each financial year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen. In view of the crucial role of ex-post audits defined in the common FP6 and FP7 audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

Effectiveness of controls

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EC, detected by ex-post audits, measured with respect to the amounts accepted after *ex ante* controls.

However, to take into account the impact of the *ex post* controls, this error level is to be adjusted by subtracting:

- Errors detected corrected as a result of the implementation of audit conclusions.
- Errors corrected as a result of the extrapolation of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate, which is calculated in accordance with the following formula:

$$resER\% = \frac{(repER\% * (P - A)) - (repERsys\% * E)}{P}$$

Where:

- | | |
|-----------|--|
| resER% | is residual error rate, expressed as a percentage. |
| repER% | is the representative error rate, or error rate detected in the representative sample. |
| repERsys% | is the systematic portion of the RepER, expressed as a percentage. The repER% is composed of two portions reflecting the systematic and non-systematic errors detected. |
| P | is the total EU contribution in Euros of the auditable population (as budgeted amounts at the level of participations in FP6, and as claimed EU contributions at the level of cost statements in FP7). |
| A | is the value of the EU contribution of all audited amounts, expressed in Euros. |

E is the total non-audited amounts in Euros of all audited beneficiaries (as budgeted amounts at the level of participations in FP6, and as claimed EU contributions at the level of cost statements in FP7).⁵⁰ The control objective is to ensure that the residual error rate on the overall population is below 2% at the end of the management cycle.

If the residual error is less than 2%, no reservation would be made.

If the residual error rate is between 2 and 5%, an additional evaluation needs to be made of both quantitative and qualitative elements in order to make a judgement as of the significance of these results, in accordance with the Commission guidelines for defining materiality, and to assess whether the measures in place are deemed sufficient in view of the control target.

In case the residual error is higher than 5%, a reservation would be made and an additional action plan should be drawn up.

⁵⁰ Note these do not only include those participations by beneficiaries subject to recoveries resulting from extrapolation. The amount also includes those for which it has been determined that they were not affected by systematic errors and, in consequence, no extrapolation has been launched. This also includes beneficiaries audited by other Research Commission services.

These thresholds are consistent with those retained by the Court of Auditors for its annual assessment of the effectiveness of the controls systems operated by the Commission, where if the error rate exceeds 5% the Court's overall assessment is "unsatisfactory"; between 2% and 5% "partially satisfactory"; and below 2% "satisfactory". The alignment of criteria is intended to contribute to enhanced clarity and consistence during the Discharge discussions.

In case an adequate calculation of the residual error rate is not possible for a FP for reasons not involving control deficiencies,⁵¹ the consequences are to be assessed quantitatively by estimating the likely exposure for the reporting year. The relative impact on the Declaration of Assurance would be then considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas.

Adequacy of the audit scope

The quantity and adequacy of the (cumulative) audit effort carried out until the end of each year is to be measured by comparing the planned with the actual volume of audits completed. The data is to be shown per year and cumulated, in line with the current AAR presentation of error rates. The multiannual planning should be reported in sufficient detail to allow the reader to form an opinion on whether the strategy is on course as foreseen.

The Director General should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the achievement of the internal control objective. In such case, she or he would be expected to qualify his annual statement of assurance with a reservation.

A multiannual control strategy requires a multiannual perspective to assurance

It does not suffice to assess the effectiveness of controls during the period of reference to decide whether the statement of assurance should be qualified with a reservation because the control objective is set in the future. The analysis must also include an assessment of their likely performance in subsequent years and give adequate consideration to the risks identified and the preventive and remedial measures in place. This would then result in an assessment of the likelihood that the control objective will be met in the future.

Materiality is assessed for each Framework Programme

In any given year, DG Research manages financial operations under the several Framework Programmes. Each is managed under different sets of regulatory and contractual provisions. Therefore, the assessment of the performance of the internal controls has to take into account these differences.

Other direct expenditure

For other direct expenditure, Enterprise and Industry Directorate General applies the proposed threshold of 2% of the budget of the ABB activity. If the amount at risk surpasses 2% of the budget of the ABB activity concerned, a reservation should be considered.

⁵¹ Such as, for instance, during the first few years of implementation of the FP, when the limited number of auditable cost statements submitted do not allow for a sufficient number of representative audits to be completed in order to calculate the detected error rate.

ANNEX 5: Internal Control Templates for budget implementation (ICT)

ICT N°: 1 Public Procurement																					
<p>Management mode: <i>Direct centralised</i></p> <p>Key figures: 55 contracts were awarded for roughly € 38,6 million. Procurement represents ca.11% of the total DG expenditure.</p> <p>Open procedures: 31 of these contracts were awarded on the basis of open procedures accounting for more than 95% of the amount.</p> <p>Negotiated procedures: 15 negotiated procedures were launched for roughly €1,2million, which is about 3% of the global amount of tenders.</p> <p>Low value procedures: About 8 contracts for roughly € 341.000 € were awarded on the basis of low value procedures</p> <p>CEI list: One contract for 123000 € was awarded on basis on restricted tenders following the publication of a CEI.</p> <p>Framework contracts reopening of competition: besides the abovementioned contracts, 7 specific contracts implementing framework contracts were concluded for roughly €3,4 million.</p>	<table border="1"> <caption>Procurement contracts</caption> <thead> <tr> <th>Value Range (in 1000 EUR)</th> <th>Number of contracts</th> </tr> </thead> <tbody> <tr> <td>0-50</td> <td>12</td> </tr> <tr> <td>50-100</td> <td>10</td> </tr> <tr> <td>100-150</td> <td>5</td> </tr> <tr> <td>150-250</td> <td>7</td> </tr> <tr> <td>250-400</td> <td>4</td> </tr> <tr> <td>400-1000</td> <td>7</td> </tr> <tr> <td>1000-2000</td> <td>4</td> </tr> <tr> <td>2000-5000</td> <td>5</td> </tr> <tr> <td>>5000</td> <td>1</td> </tr> </tbody> </table>	Value Range (in 1000 EUR)	Number of contracts	0-50	12	50-100	10	100-150	5	150-250	7	250-400	4	400-1000	7	1000-2000	4	2000-5000	5	>5000	1
Value Range (in 1000 EUR)	Number of contracts																				
0-50	12																				
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250-400	4																				
400-1000	7																				
1000-2000	4																				
2000-5000	5																				
>5000	1																				
<p>1. Inherent nature and characteristics of the DGs policy environment and stakeholders</p> <p>Summary: <i>The DG generally buys studies and technical assistance. The studies may relate to economic aspects such as impact assessments and evaluation or sectoral competitiveness studies, but they may also be based on legal aspects. The technical assistance may also relate to dissemination activities and to adding specialised expertise to our activities.</i></p> <p>Key inherent risks insofar they impact on reasonable assurance (including limit and extent of its responsibilities and those of other stakeholders):</p> <ul style="list-style-type: none"> • <i>Procurement is highly regulated. Detailed rules exist with even more in depth guidance based on experience and the jurisprudence of court judgements. Expert knowledge and experience is therefore necessary to manage procurement effectively (risk of choosing wrong procedure/thresholds, risk for splitting purchases).</i> • <i>Bad or non execution by the contractor can lead to serious problems if the contractual deliveries are critical and no short term alternatives are available (risk for over-dependency on contractors).</i> • <i>Errors or mismanagement risk to consume substantial resources (human and financial) if they are contested, even unsuccessfully, especially if they reach the courts.</i> • <i>A reputational risk for the Commission exists if fraud or criminality is discovered.</i> • <i>Bad execution risk in case of undetected errors or uncorrected imprecision in offers or tendering specifications.</i> 																					
<p>2. Management and control systems : stages and main actors</p>																					

<p>Planning and Selection process (of beneficiaries, intermediaries, agencies, contractors etc), including preventive measures</p>	<p>A Manual of Budgetary and Financial Procedures is available on the intranet of the DG. This manual includes procedures, workflows, and guidance and standard documents for all the steps of a tender procedure. Two <i>ex ante</i> controls are performed by independent experts of the Financial Resources Unit during the lifecycle of a tender procedure: before it is launched (review of the tendering specifications, invitations to tender and contract notices) and before the award decision (evaluation report, award decision and annexes). Procurements of more than € 10 million are submitted for opinion to an ad-hoc committee composed of DG ENTR directors.</p> <p>The Manual of Budgetary and Financial Procedures covers the following aspects:</p> <ul style="list-style-type: none"> • Preventive actions are implemented with the aim of reinforcing sound financial management, enhancing open and transparent procurement procedures, promoting accountability and integrity of financial and operational actors and improving internal controls. • Procurement needs are clearly defined and justified from an economic or operational point of view and approved by the AOD. • For contracts of more than €60,000 an evaluation committee is set up to prepare the selection of the contractors. Members of evaluation committees are asked to sign a document reminding them of their obligation to declare any potential conflict of interest. • Every member of staff with significant financial responsibility is defined as occupying a "sensitive function". Staff should not exercise a sensitive function for more than five years unless effective mitigating measures eliminate the risks linked to long term exercise of such a function. • Before a contract is signed, participants in a tender must demonstrate in the framework of the tender procedure that they are not in one of the situations of exclusion specified in the Financial Regulation (e.g. bankruptcy, failure to pay tax or social security contributions, convicted of an offence concerning their social security contributions, convicted of an offence concerning their professional conduct). Information regarding exclusions is recorded in the Commission accounting system, and, before a budgetary commitment can be authorised, the accounting system informs the financial actors. With effect from 1 January 2009 Information on exclusions will be shared with all organisations involved in managing EU money, including the Member States, (Early warning system). • Independent experts and an independent advisory committee (for high value contracts) have to be consulted before attribution. • In order to mitigate the risk of over-dependency on contractors, maximum assurance of their capacity to deliver is sought during the tendering process and the contract execution is closely monitored. • Physical protection of the offers submitted (locked room and segregation between original and copies), including identification of originals by an appropriate technique. • The evaluation process is analysed in order to detect eventual errors of appreciation or breaches of transparency, equal treatment, proportionality and widest competition possible as well as any execution risk. • Contacts before the time limit to submit tenders are verified in order to prevent erroneous answers.
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<p>Communication and information measures to improve the quality of financial management and provision of supporting data by beneficiaries, contractors and intermediaries</p>	<ul style="list-style-type: none"> • Tender documents are as self explanatory as possible. • Calls for tender are published in the Official Journal and the EUROPA website. Updated information and FAQ are posted regularly on the website. • Dedicated functional mailboxes for all communication with tenderers are created for each call for tenders published in OJ S. • Technical training in procurement as well as information campaigns and work-shops on ethics and integrity are given to all staff involved in the procurement process. • If they suspect anything irregular or illegal all staff involved in financial management have the responsibility to alert any criminal activity to their Director-General, the Secretary-General or OLAF.
<p>Detective and corrective controls: Checks and monitoring during the initial phases of the programme/contract Checks and monitoring during the final/closure phases of the programme/contract</p>	<ul style="list-style-type: none"> • In the framework of the financial <i>ex ante</i> verification of commitments the respect of the opinions of the independent experts of the Financial Resources Unit on the tender documents and on the evaluation is ensured before the legal commitment can be made. • Financial <i>ex ante</i> verification of the Financial Resources Unit checks if the operational verifier has confirmed correct filing and archiving of all relevant documents in order to ensure a complete audit trail • Progress reporting or other means to monitor performance and progress are defined in the contracts as appropriate in relation to the subject of the contract • Contracts foresee the possibility to verify the progress of the work "on site" when appropriate and necessary • Before payment correct execution of the agreed work is verified and documented with the "certified correct" • Financial <i>ex ante</i> verification by the independent Financial Resources Unit checks before payment if the respect of contractual clauses has correctly been verified by the financial initiator. The correct introduction of accounting data in ABAC is also checked.
<p>Preventive and corrective controls and audit: Desk reviews, on-the-spot audits carried out either <i>ex ante</i> or <i>ex post</i>.</p>	<p>The DG almost exclusively acquires services that are materialised in the form of reports or similar documents. The correct and complete performance of the agreed services can be checked by means of desk reviews of the documents received. On-the-spot audits are useful to verify the correct and complete execution of this kind of contracts only in very exceptional cases.</p> <p>As payments are not based on costs incurred by the contractor but on agreed prices, there is in general no scope for "financial" on-the-spot audits. Audits could be only exceptionally appropriate if an agreed price included a reference the contractor's own costs. The DG does not normally use this type of price agreement.</p>
<p>Feedback which enables control activities to be optimised</p>	
<p>Verification that processes are working as designed</p>	<p>The Internal Auditor performed an audit of public procurement processes in the DG in 2005. All the recommendations that were issued were implemented in 2007. The Internal Auditor performed a follow-up audit in 2008 with the conclusions that the recommendations of the audit are implemented satisfactorily.</p>

Monitoring of performance of independent bodies, 3 rd party auditors, externally contracted auditors	N/A
High level management reporting (e.g. to the Director General and its role in monitoring problem issues)	A management scoreboard is reviewed by management on a periodic basis.

ICT N°2: Grants FP6 and FP7

Management mode: *Direct centralised management.* Grants are awarded directly to the beneficiary consortia. The coordinator of each consortium manages the distribution of fund.

Grant period: Between 8 months and 48 months

Average value of grants: FP6 - €1.4million (Commission's co-financed contribution). 50 % of grants are under EUR 1 million.

FP7 - €5.2 million

Number of coordinators/beneficiaries:74/912

Grant basis: Actual costs.

Volume of transactions per year: 470 grant payments/year

1. The control environment, including organisational administrative and accountability structures.

Summary:

74 Projects co-financed through the reimbursement of eligible costs. The control environment is characterised by a large number of beneficiaries, each operating their own control system. All projects are performed by consortia of several beneficiaries. Integrated Projects in the space area can easily have more than 50 beneficiaries for one single project. The total number of beneficiaries of FP6 and FP7 projects of the DG is roughly 912.

Key inherent control risks in this environment:

- Complex legal framework required to implement a system based on the reimbursement of 'actual eligible costs';
- Beneficiaries must allocate personnel cost and overheads via productive hours and time recording, and deduct a range of ineligible items (VAT, duties, interest) from direct costs and overheads via management accounting, in accordance with the complex contractual and regulatory provisions;
- The concept of 'actual costs', as used in the definition of the eligible costs, is significantly different from the cost accounting principles normally used by industry;
- Budgets allocated at the award stage are indicative only – amounts paid are always provisional and subject to recovery if not in line with actual costs;
- Given the large number of criteria to be complied with, errors are expected to be frequent because some beneficiaries have relatively little financial management expertise and other beneficiaries tend to use their usual cost accounting approaches, even if they are not in line with the eligibility criteria.

Accountability structures

Beneficiaries are responsible for correctly declaring their incurred costs, according to the rules agreed in the grant agreement.

Auditors providing audit certificates are responsible for verifying if the costs declared in certified cost statements are in accordance with eligibility criteria of the grant agreement, and for signalling all detected material misstatements.

The Commission, i.e. the DG, is accountable for ensuring that it performs its financial transaction (commitments and payments) in a legal and regular way according the applicable legislation and for ensuring that the underlying transaction, i.e. the cost declarations of beneficiaries on basis of which it makes payments, are legal and regular.

Financial circuits

– In the DG an extended payment workflow (model I combined with model II) is used for financial transactions in relation to FP6 and FP7, where the operational initiation and *ex ante* verification functions, as well as the financial initiation function, are executed within the services of the operational Director. The financial *ex ante* verification is assumed by the Financial Resources Unit. The competent Director assumes the function of Authorizing Officer for commitments, and competent Heads of Unit do so for payments. Within the services of the Director the segregation between the operational initiation and verification function is assured.

– The operational initiator analyses the progress report and the report on the use of resources provided with every request for payment before signing the "certified correct". They verify whether the actions described in the management report correspond to the agreed project, and if the declared use of resources is reasonable in relation to work carried out. They also verify if the necessary audit certificate has been provided and if it is acceptable. Further checks are not possible on the basis of the documentation that has to be provided, together with a request for payment.

– One out of three interim payments and one out of ten pre-financing payments in relation to FP6 and FP7 is financially verified twice: by an *ex ante* financial verifier in the operational Directorate and by an

independent *ex ante* financial verifier in the Financial Resources Units (Monetary Unit Sampling –samples transactions to control and gives automatic visa to the rest).

Supervisory measure

- Heads of Unit and Directors act as authorising officers by sub-delegation (Directors for commitments and Heads of Unit for payments). Heads of unit act as operational verifiers. They check and supervise, on the basis of checklists, whether the financial and operational initiators have correctly performed the mandatory and agreed procedures before authorising the transactions.
- On the basis of check-lists the *ex ante* verifiers in the Financial Resources Unit verify if the preceding financial actors have performed the necessary checks and controls.

AOSD reporting

- At the beginning of 2011 the authorising officers by sub-delegation were informed in writing of the cumulative results of the *ex post* audits finalised in 2007. In the framework of the preparation of this report the authorising officers by sub-delegation have informed the Director-General of their conclusions on the effectiveness of the internal control system in their area of competence.

2. Stages and actors and main issues addressed at each stage

<p>The planning, programming, monitoring and reporting processes in place.</p>	<p>The Commission and the competent programme committee decide on a work programme (i.e. a financing decision) based on the legal bases of FP6 and FP7. Calls for proposals are derived from the work programme. Proposals are received, and evaluated with the help of independent external experts. The best proposals are negotiated to become projects that are managed in accordance of the FP6 and FP7 model contracts. Such contracts define eligibility rules and reporting requirements.</p>
<p>Selection process (of beneficiaries, intermediaries, agencies etc.), including preventive measures (e.g. LFV)</p>	<p>The evaluation of proposals is a critical step within the internal control system. It is aimed at getting the best value for public money by selecting the best quality proposals in the fairest, most transparent and most efficient way possible. Key controls include the screening of submitted proposals for eligibility, the choice of independent expert evaluators, the evaluation by a minimum of three experts and a panel review for quality control and ranking of proposals.</p> <p>On the basis of the prioritised list, the Commission establishes the final list of approved proposals and proceeds to negotiate the grant agreements with the successful applicants. The purpose of the negotiation is to clarify and adapt the work to be carried out and the operational objectives of the project, substantiate its costs and determine its duration and the maximum contribution from the EU budget. The Commission seeks to implement the advice of the independent expert evaluators and, where applicable, the recommendations resulting from the ethical review. This process generates significant efficiencies in the use of Community funds by discarding work which is not essential for the achievement of the scientific objectives of the project, and ensuring that the budgeted costs are commensurate to the work to be carried out. Negotiation results are put forward to the Programme Committee, which must approve proposals over certain financial thresholds and funding levels.</p> <p>The grant agreements are then prepared for signature. This phase includes legal and financial verifications (the legal status of the beneficiary, its possible inclusion in the early Warning System, its financial viability and its capacity to co-fund the project) as well as safeguarding measures (the provision of the guarantee fund).</p>
<p>Preventive and directive measures to improve the quality of financial management and provision of data by beneficiaries and intermediaries</p>	<p>The Commission has developed a specific communication strategy with the purpose to make both beneficiaries and the certifying auditors fully understand the contract requirements and provisions, in order to reduce the number of errors and omissions in the cost claims submitted to the Commission. This notably includes extensive guidance notes, which are published in the CORDIS website, in addition to the legal basis and the implementing documents.</p>

<p>Detective and corrective controls: Verification of pre-financing, interim payments and key milestones</p>	<p>Beneficiaries submit progress reports, financial statements and an explanation of their use of resources. When required by the grant agreement, beneficiaries submit also a certificate on the financial statements (the audit certificate) issued by an independent external auditor (the certifying auditor). The certifying auditor checks whether the claims made are actual, are correctly recorded in the accounts, and occurred in the eligible project period. The certifying auditor must be independent from the beneficiary and qualified to carry out statutory audits of accounting documents. The operational initiator verifies if the actions described in the management report correspond to the agreed project and if the declared use of resources is reasonable in relation to work carried out.</p>
<p>Detective and corrective controls: Checks and monitoring during the initial phases of the programme</p>	<p>Before a payment is authorised, all relevant operational and financial aspects are verified by at least two independent members of staff. Scientific/Project officers verify that the work carried out by the beneficiary is in all respects in compliance with the grant agreement by evaluating the project reports and deliverables. They may seek the advice of independent experts to do aid with this. Financial officers carry out accounting and arithmetical checks to ensure financial statements, and audit certificates have been submitted in accordance with the provisions of the grant agreement. The authorising officer ascertains that these checks on the supporting documents have been done and validates the expenditure. When deemed necessary, "in depth" <i>ex ante</i> desk checks are carried out. These include the verification of individual cost items against other sources of information (reconciliations, authorisation) based on third-party invoices or payslips provided by the beneficiary. Basic deficiencies in beneficiaries' understanding of the contract provisions can be detected and improved this way, with a resulting corrective effect on future claims. Where it is known that beneficiaries have been the object of prior ex-post controls that have detected systemic errors, they are requested to certify that cost claims under analysis have been established correcting such systemic errors. When a beneficiary refuses to provide such certification its costs are excluded from payments until further clarification is obtained.</p>
<p>Corrective controls and audit:</p>	<p><i>Ex post</i> audits are a key element of the control strategy. The control objectives of the <i>ex post</i> audit functions are two-fold: (1) to provide an adequate indication of the effectiveness of ex-ante controls (i.e. a representative error rate); and (2) to ensure the accuracy of the expenditure and, therefore, the legality and regularity of the underlying transactions, on a multi-annual basis, by means of the correction of errors. This is achieved by auditing and, where necessary, adjusting a sizeable proportion of the expenditure (approximately 50%) and by checking compliance on the rest. The contracts to be audited are selected using a multiannual, three-layered sampling strategy ensuring a comprehensive coverage of the audit population. The three strata are: (1) the 160 contractors representing the largest share of the budget (known as individually significant beneficiaries); (2) a representative, value-based random sample from the remaining population (MUS); and (3) a risk-based sample focusing on potentially riskier contractors. For FP7, contrary to FP6 there will be no stratification of the population i.e. these samples will be taken on the whole population. Contracts with the individually significant beneficiaries represent over 50% of expenditure under FP6. If systemic errors are detected on the audited contracts and cost declaration periods beneficiaries invited to ensure that these errors are corrected or not repeated in non audited contracts and declaration periods. As this is performed on a multi-annual basis it will ensure that a substantial share of the expenditure is largely free from systemic errors. All audit results are implemented by the Authorising Officers. Detected errors are corrected by issuing recovery orders or by deducing wrongly paid amounts from subsequent payments to the same beneficiary.</p>

ICT N°3: Budget Implementation in relation to Galileo IOV Completion Grant	
<i>Management mode: Direct centralised management</i>	
Key figures:	
Grant duration (range): 48	
Average value/ median value/ range of grants: €559.5 million	
Number of coordinators/beneficiaries: 1/1	
Volume of transactions per year: 2 annual payments made to ESA	
1 project financed through this grant (In Orbit Validation phase – completion) at a rate of 100%.	
In 2010 payments were made to ESA concerning Galileo IOV amounting to €128 million.	
1. Management and control systems : stages and main actors	
<p>The development phase was partly financed by EC and partly by ESA until 2008. In 2008, an additional budget estimated to €426 million was necessary to ensure the completion of this phase. After consultation of the GNSS committee and in order to facilitate the transition between the development and the deployment phases, EU decided to finance these costs. The corresponding grant was agreed between EU and ESA on 16th March 2009.</p> <p>At the end of 2009, ESA announced that additional funds for an amount of approximately €133.5 million should be dedicated to the completion of the IOV Phase, thus increasing the grant agreement of €426 million to €559.5 million.</p>	
Key inherent risks in this environment:	
<ul style="list-style-type: none"> - Appropriate management of the delegated tasks by ESA - Achievement of the IOV objectives by the awarded grants 	
2. Stages and actors and main issues addressed at each stage	
<p>The planning, programming, monitoring and reporting processes in place.</p>	<p>The Commission transfers funds into ESA's account twice a year upon the submission of a detailed forecast of cash needs and annual implementation reports. It is possible to identify the payments contribution by the Commission and to distinguish operations covered by the grant from other ESA's operations.</p> <p>ESA is providing details of the activities carried out in the following reports: quarterly, annual ad-hoc and final reports which contain detailed information about the implementation of the contracts, the costs incurred, a summary of the audits carried out by ESA and their main findings, an update on estimated completion date and milestones and, in the final report, an inventory list of the assets handed over to the Commission.</p> <p>In the Annual Implementation Report ESA will have also to provide an overview of the content of the risk register over the past year, including the results and effectiveness of any risk analysis and mitigation actions.</p> <p>Programme management meetings between ESA and the Commission are held in general every month to review the management and the technical implementation of the programme.</p>
<p>Selection process (of beneficiaries, intermediaries, agencies, contractors etc.), including preventive measures</p>	<p>ESA follows ESA procurement rules for the contracts with industry. As this grant was only dedicated to riders to existing IOV contracts with industry procured under ESA rules for IOV, the riders were signed with ESA rules. No new procurement was launched.</p>

<p>Preventive and directive measures to improve the quality of financial management and provision of data by beneficiaries and intermediaries</p>	<p>The implementation reports are improved each quarter by comments provided by EC to ESA.</p> <p>The 2 annual payments are made against the production and analysis of all the required implementation documents as foreseen in the grant agreement.</p>
<p>Detective and corrective controls: Verification of pre-financing, interim payments and key milestones; Checks and monitoring during the initial phases of the programme</p>	<p>Independent experts assist the Commission in what concerns the implementation of the programme and making appropriate recommendations in particular regarding risk management.</p> <p>The Commission monitors closely the technical implementation of the programme both through the careful analysis of the implementation reports submitted by ESA and through on-the-spot visits. The Commission also has the right to attend every meeting related to the implementation for activities funded under the grant.</p> <p>In addition, regular meetings between DG ENTR's Director General and ESA's Director take place to steer and supervise the Agreement's implementation.</p> <p>Desk reviews – see above paragraph on the Implementation Reports. These include Key Decision Points (milestones for the implementation) of the GNSS programmes, through which it will be possible to assess whether functional, financial or scheduling targets are met and corrective measures to be taken where necessary.</p>
<p>Corrective controls and audit: Desk reviews, on-the-spot audits carried out either ex ante or ex post.</p>	<p>DG ENTR carried out financial audit in 2010, which audit is not finalised at the moment of the preparation of this report.</p> <p>OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the community funding under the grant Agreement.</p>

ICT N°4: Budget Implementation in relation to GNSS Programmes (EGNOS and Galileo)	
<i>Management mode: Indirect centralised for Galileo FOC activities and EGNOS (delegated to ESA)</i>	
<i>Key figures: In 2010 payments were made to ESA concerning Galileo FOC (€ 250 million) and EGNOS (€ 36 million).</i>	
1. Management and control systems : stages and main actors	
The main actors are the Commission and ESA. Their respective responsibilities are set out in the Delegation Agreements between ESA and the EC, namely in Articles 4 (Delegated Tasks) and 5 (Responsibilities of the Commission).	
2. Stages and actors and main issues addressed at each stage	
The control environment, including organisational administrative and accountability structures.	<p><u>Galileo-FOC</u> The implementation of the Galileo programme is technically and financially complex. It consists of three phases: In-Orbit Validation (IOV) (2003-2010), Deployment phase (2008-2013) and Exploitation phase (after 2013). In the frame of the Deployment Phase (FOC), particularly complex contracts will be awarded, for each of the six work packages foreseen, under the Competitive Dialogue procedure according to Art 125b from the Implementing Rules. The procurement activities regarding all the contracts are delegated to ESA under strict supervision from the Commission. The final decision concerning the award of contracts is taken by the Commission upon ESA recommendation. Contracts are signed by ESA in the name and on behalf of the Commission.</p> <p><u>EGNOS</u> After acquiring the ownership of EGNOS on behalf of the Community on 1st April 2009, in accordance with the GNSS Regulation, on 1st October the European Commission declared that EGNOS' basic navigation signal is operationally ready as an open and free service. The operations of EGNOS are managed, through a contract with the European Commission, by the European Satellite Services Provider (ESSP SaS) and will ensure the management of the EGNOS operations as well as the maintenance of the system until the end of 2013. Furthermore, a delegation agreement was signed with ESA for an amount of €17 million. The estimated cost for the tasks carried out by ESA includes the industrial procurement activities (€87.9 million), the Artemis signal provision (€4 million) and the ESA costs as design and procurement agent (€25.1 million).</p>
Way in which the budget is implemented by the delegated organisation -public procurement -operating costs -volume of transactions per year	<p><u>Procurement</u> The Commission delegates to ESA the carrying out of the procurement activities necessary for the implementation of the FOC phase of Galileo programme and the evolution of EGNOS programme. The measures financed under the GNSS Regulation must be implemented in accordance with the Financial Regulation "without prejudice to measures required to protect the essential interests of the security of the European Union or public security or to comply with EU export control requirements" (Article 15(4) and 17 of Regulation 683/2008). The final decision concerning the award of the contracts as a result of Galileo FOC & EGNOS tenders is taken by the Commission following a recommendation of ESA. The contracts are signed by ESA in the name and on behalf of the Commission.</p> <p><u>Operating costs</u> ESA has a budget for its own operating costs under both delegation agreements and provides details of the costs in the following reports: quarterly, annual ad-hoc and final reports.</p> <p><u>Volume of transactions</u> For FOC, ESA signed in 2010 less than 10 contracts (4 large ones and smaller ones) For EGNOS, the main contract with industry was signed in 2009 by ESA.</p>

<p>Way in which the supervision has been performed -preventive and directive measures to ensure legal and regular implementation of the delegated budget -detective and corrective controls, checks and monitoring during the implementation</p>	<p><u>Preventive measures</u> ESA follows EC procurement rules and the Financial regulation. Accordingly, the Delegation Agreement signed with ESA states that the procurement activities entrusted to ESA are implemented "in full coordination with the Commission and in accordance with the EC Procurement Rules and specific guidelines of the GNSS Regulation". The final decision concerning the award of the contracts as a result of Galileo FOC & EGNOS tenders is taken by the Commission following a recommendation of ESA. The contracts are signed by ESA in the name and on behalf of the Commission. The Commission transfers funds into ESA's account twice a year upon the submission of a detailed forecast of cash needs and annual implementation reports. ESA makes disbursements from a dedicated bank account based. The account makes it possible to identify the payments contribution by the Commission and to distinguish operations covered by the Delegation Agreement from other ESA's operations. ESA is providing details of the activities carried out in the following reports: quarterly, annual ad-hoc and final reports containing detailed information about the implementation of the contracts, the costs incurred, a summary of the audits carried out by ESA and their main findings, an update on estimated completion date and milestones and, in the final report, an inventory list of the assets handed over to the Commission. In the Annual Implementation Report ESA provides an overview of the content of the risk register over the past year, including the results and effectiveness of any risk analysis and mitigation actions. Programme management meetings between ESA and the Commission are held in general every month to review the management and the technical implementation of the programme. Regarding the activities directly managed by EC, they are followed by dedicated teams made up of technical and legal staff holding regular meetings with the beneficiaries.</p> <p><u>Detective controls</u> As mentioned above, the Commission follows very closely the procurement procedures carried out by ESA and the final decision concerning the award of any contract is taken by the Commission. Independent experts assist the Commission in what concerns the implementation of the programme and making appropriate recommendations in particular regarding risk management. The Commission monitors closely the technical implementation of the programme both through the careful analysis of the implementation reports submitted by ESA and through on-the-spot visits. The Commission also has the right to attend every meeting related to the implementation or procurement for activities funded under the Agreement. Therefore the Commission participates to Galileo and EGNOS Program change control Board, Tender Steering Committees, ESA Tender Evaluation Board and Galileo and EGNOS Project Change Control Board In addition, regular meetings between DG ENTR's Director General and ESA's Director take place to steer and supervise the Agreement's implementation. Desk reviews – see above paragraph on the Implementation Reports. These include Key Decision Points (milestones for the implementation) of the GNSS programmes, through which it will be possible to assess whether functional, financial or scheduling targets are met and corrective measures to be taken where necessary. DG ENTR carried out financial audits at the end of 2010 for which the final audit reports have not been finalised at the moment of the preparation of this report. OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the community funding under the Delegation Agreement.</p>
<p>Feedback which enables control activities to be optimised</p>	
<p>Monitoring of performance of independent bodies, 3rd party auditors, externally contracted</p>	<p>The Galileo Inter-institutional Panel facilitates close cooperation between the EP, Council and the Commission and allows the three institutions to follow closely the GNSS programmes' implementation, international agreements with non-EU countries, the preparation of satellite navigation markets, the effectiveness of governance arrangements and the annual review of the work programme.</p>

auditors	
High level management reporting (e.g. to the Director General and its role in monitoring problem issues)	Regular meetings between DG ENTR's Director General and ESA's Director take place, in general, every three months; moreover a report is sent to the Director general with the state of play of the programme every month.

ICT N°5: Joint Management	
<i>Management mode: Joint management with the European Space Agency</i>	
<p>Key figures: Duration: till 31/12/2013 Total range of the agreement: €624 million Number of coordinators/beneficiaries: 1/1 Volume of transactions per year: 1 annual payment made to ESA In 2010 one payment was made to ESA amounting to €97million.</p>	
1. Management and control systems : stages and main actors	
<p>The GMES Delegation Agreement to ESA has been established on the basis of articles 53.d of the Financial Regulation and 43 of the Implementing Rules. In implementing the tasks delegated to it under this agreement ESA applies its own audit, accounting, internal control and procurement rules and procedures which offer guarantees equivalent to internationally accepted standards.</p> <p>The payment made to ESA in 2010 was the second contribution to the jointly managed programme. The payment was made irrespective of the actual cost incurred in that period.</p>	
2. Stages and actors and main issues addressed at each stage	
<p>The control environment, including organisational administrative and accountability structures.</p>	<p>The Delegation Agreement established in accordance with article 53d of the Financial Regulation and article 43 of the Implementation Rules states that ESA's own audit, accounting, internal control and procurement rules and procedures offer guarantees equivalent to international accepted standards.</p> <p>The Commission reserves the right of auditing the procedures applied by ESA and the way the cost have been calculated. In particular the directorate plans to audit regularly the yearly annual financial report. Simultaneously system audits will take place allowing to document and analyse the working methods of ESA.</p>
<p>Way in which the budget is implemented by the delegated organisation -public procurement -operating costs -volume of transactions per year</p>	<p>The budget is implemented mainly through procurement. The Annual Financial Report covering 2010 will be submitted by the end of March 2011.</p> <p>The Delegation agreement gives an indication of the amounts to be transferred to ESA annually. The Agreement contains provisions as to the overall limit for ESA system design, integration, validation and technical management as well as for ESA management activities.</p>
<p>Way in which the supervision has been performed -preventive and directive measures to ensure legal and regular implementation of the delegated budget -detective and corrective controls, checks and monitoring during the implementation</p>	<p>Supervision of the tasks delegated to ESA is in line with the joint management mode chosen for the implementation of the Delegation Agreement, which implies reliance on ESA own control mechanisms; against this background, monitoring of the Delegation Agreement is carried out through:</p> <ul style="list-style-type: none"> ▪ Joint Monitoring Board; ▪ Participation in ESA meetings relevant to the implementation of GMES Space component; ▪ Review of procurement procedures and documentation; ▪ Reporting Guidelines; ▪ Monitoring exercised through regular contacts between DG ENTR and ESA staff; ▪ Regular monitoring meetings.

	<p>In 2010 a first audit on the Annual Financial report 2009 was carried out, taking also into account the results of the audit done by the ECA on the previous year report.</p> <p>As a result, the Commission asked ESA to review partially the methodology used to calculate some of the costs, which ESA has agreed. The related costs have been disallowed by DG ENTR as a temporary measure.</p>
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ANNEX 6: Implementation through international public-sector bodies

Supervision mechanisms of delegated agreements to ESA for GNSS and GMES programmes

The European Space Agency (ESA) and its role in European space activities

As an inter-governmental organisation with 18 Member States⁵², the European Space Agency (ESA) has been coordinating space activities through European programmes for more than 30 years. Its programmes are designed to find out more about Earth, its immediate space environment, our Solar System and the Universe, as well as to develop satellite-based technologies and services, and to promote European industries.

ESA's mandatory activities (space science programmes and the general budget) are funded by a financial contribution from all Agencies' Member States, calculated in accordance with each country's gross national product. In addition, ESA conducts a number of optional programmes. Each Member State decides in which optional programmes it wishes to participate in and the amount it wishes to contribute. ESA's budget for 2010 is €3744 million. ESA programmes are managed on the basis of geographical return. This mechanism ensures a financial return to Member States in form of industrial contracts proportional to their contribution to the ESA programme.

The ESA Council is ESA's governing body and provides the basic policy guidelines within which ESA develops its space programmes. Each Member State is represented on the ESA Council and has one vote, regardless of its size or financial contribution.

EC/ESA cooperation in space: the general framework

The cooperation of the European Commission and the European Space Agency is a unique partnership of two leading European-level organisations providing joint leadership for Europe in the field of space. This cooperation was born from the shared belief that each partner needs the other to deliver on the public policy objectives, provide an appropriate political profile and a more coherent framework of space activities in Europe. The cooperation has long-standing roots, with parallel EU and ESA Council Resolutions already in the 1990s, and in 2000 the creation of the first joint EC-ESA Paper, the European Strategy for Space, already showing the need for the two organisations to work together to develop the space policy agenda of Europe. Proposed by the Commission in 1999, the Galileo programme for radio navigation by satellite constituted the first large space project jointly funded by the Union and ESA.

This fruitful cooperation resulted in the conclusion in 2004 of the **EC-ESA Framework Agreement**, aiming at the progressive development of an overall European Space Policy by providing a common basis and appropriate operational arrangements for efficient and mutually beneficial ESA/EC cooperation. The Framework Agreement created the **ministerial-level Space Council**⁵³, the **EC-ESA**

⁵² Apart from Norway and Switzerland, ESA member states are at the same time EU Member States. With the exception of the Czech Republic that joined ESA in 2008, the newer EU Member States are not yet member of ESA.

⁵³ The Space Council is the concomitant meeting of the EU Council (in its formation as Competitiveness Council) and the ESA Council at ministerial level. It meets around once per year. Meetings are co-chaired by the EU Presidency and the ESA Presidency. The Commission is represented by the Commissioner responsible for space policy, ESA by its Director-General. The Space Council does not have any decision-making power. On the basis of orientations by the Space Council decisions have to be taken by the EU and

Joint Secretariat, and the **High Level Space Policy Group**, which have all proved crucial for the development of the European Space Policy. It also provides the generic legal basis for programmatic cooperation between the EU and ESA. In 2008, the framework agreement has been extended for another 4 years.

The Space Council met for the first time in November 2004. Ministers reiterated the need for developing a European Space Policy and recommended to start the process for preparing a European Space Programme in view of new EU competence in space proposed in the EU constitution and which has been retained in the Lisbon Treaty (TFEU article 189).

In 2007, the European Commission and ESA presented the jointly prepared European Space Policy which was welcomed and supported by the Space Council in its Resolution adopted in May 2007. The European Space Policy was accompanied by "Preliminary elements for a European Space Programme" which provides as a first step towards a future European Space Programme providing an overview of ongoing and planned national and European programmatic activities in space. The Resolution of the Space Council invited the European Commission and the ESA Executive to establish a process of regular monitoring and priority setting through an implementation plan for the ESP. Thus, the EC-ESA partnership continues to be the driving force behind the development of the European space policy agenda.

A) EC/ESA cooperation on Global Monitoring for Environment and Security (GMES)

The GMES concept was first presented to the EU Gothenburg Summit in 2001 and resulted in a Council Resolution requesting the Commission and the European Space Agency (ESA) to proceed with the implementation of GMES. Following an exploratory initial phase undertaken in 2001 – 2003, EC and ESA have jointly proposed a 2004 - 2008 action plan enabling to meet the Council's request.

In the phase before 2006, EU and ESA contributed to the development of GMES through their respective funding programmes of the 6th EC Research Framework Programme and the ESA Earth Watch Programme with an amount of around €200 million. After 2006, further funding needed to be foreseen for the preparation and operation of the GMES services, as well as for the development of a dedicated GMES operational space component of 5 Sentinel satellite missions. Whereas the development of GMES services was continued (with increasing mutual technical consultation) within the separate funding programmes at EC and ESA, a mechanism was sought to contribute funding from the multi-annual EC 7th Research Framework Programme to the ESA GMES Space Component (GSC) Programme as adopted by ESA Member States Council in late 2005. A critical consideration for a contribution from EC funds to the ESA Programme is the asymmetric set of rules to be applied for EC and ESA financing mechanisms, i.e. managing FP7 funds according to EC rules, alongside with ESA funds managed according to geo-return rules.

In 2007, a suitable instrument became available with the revision of the Community Financial Regulation, namely **Art. 53d**. This article was used to implement almost half of the FP7 budget for the joint management of the GMES Space Component (GSC). A **Delegation Agreement** formalising a contribution of **€624 million** from the FP7 budget to the GSC was adopted by the Commission and ESA Member States Council respectively, and signed by EC and ESA on 28 February 2008 (amended on 28 January 2009).

The Agreement defines the modalities for (i) cooperation of the Parties in the development of the GSC programme and (ii) the budget implementation tasks entrusted to ESA in the framework of the FP7 Specific programme "Cooperation" and its theme "Space".

ESA Council through their respective decision-making processes.

Monitoring the EC-ESA Delegation Agreement on GMES

According to provisions on monitoring contained in the Agreement with ESA on implementation of the space component of GMES, framework monitoring of the Agreement can be structured under three main headings:

1. **Regular monitoring of activities foreseen for co-funding, including desk monitoring and participation in ESA relevant meetings as appropriate:** The Commission attends ESA Council meetings as well as subordinate bodies for all matters related to GMES. The Commission also has the right to attend all meetings related to the review of system design and development as well as the evaluation of tenders for development activities co-funded under the Agreement.
2. **Monitoring through ESA reports:** The Agreement obliges ESA to submit to the Commission regular quarterly status reports, annual financial reports to account for the use of EC and ESA funds spent on the development of the various GMES system components, a final report summarising the implementation of tasks covered by the Agreement as well as ad-hoc reports including information equivalent to that provided by the Commission to the FP7 Programme Committee.
3. **Monitoring board:** In addition, the Agreement provides for a joint ESA-EC monitoring mechanism at Director-General level, or their representatives, to steer and supervise the Agreement's implementation.

Approximately 10 % of the Delegation Agreement funding is devoted to **data access**⁵⁴ activities beyond 2010. The Agreement will have to be updated in order to include details regarding the implementation related to these activities. The update will focus on 2 main issues: How to ensure consistency of data access activities with GMES data policy defined by the Commission and the provision of sound monitoring mechanism which are currently being defined by the Commission.

B) EC/ESA cooperation on GNSS programmes

According to EC Regulation 683/2008 the Commission is responsible for the management of the European GNSS programmes (EGNOS and Galileo). Within this legal framework the Commission entrusted ESA with the implementation of the Galileo Deployment Phase (2008 – 2013) and the further implementation of EGNOS Programme in accordance with article 54 (2) (c) of FR 1605/2002.

A multiannual Delegation Agreement was signed between the Director General of DG Transport and Energy and the Director of ESA on 19 December 2008 for the Galileo FOC activities and another one regarding EGNOS evolution on 31 March 2009.

The Commission delegates to ESA the carrying out of the procurement activities necessary for the implementation of the FOC phase of the Galileo programme and the evolution of the EGNOS programme. The measures financed under the GNSS Regulation must be implemented in accordance with the Financial Regulation. The Delegation Agreement signed with ESA states that the procurement activities entrusted to ESA are implemented "in full coordination with the Commission and in accordance with the EC Procurement Rules and specific guidelines of the GNSS Regulation".

ESA is authorized to act as a substitute for the EC, in other words, to only act as an agent or representative on behalf the Commission which remains the contracting authority. ESA is bound to apply the EC procurement framework in full and its actions bind the Commission directly and effects at law, rights, obligations and consequences arise in the name of the Commission and not of ESA. Accordingly, the EC authorising officer is the one who authorises ESA to sign contracts in the name and on behalf of the European Commission.

⁵⁴ This a grant of €48 million related to the GMES project.

Consequently, the European Space Agency acts under the supervision and with the assistance of the European Commission notably in both the field of contractual and technical aspects.

Monitoring the EC-ESA Delegation Agreement on Galileo and EGNOS issues

According to provisions on monitoring contained in the Agreement with ESA on implementation of the GNSS programmes, framework monitoring of the Agreement can be structured under three main headings:

1. **Regular monitoring of activities foreseen for funding, including programme management, desk monitoring and participation in ESA relevant meetings as appropriate:** The Commission attends ESA Council meetings as well as subordinate bodies for all matters related to GNSS programmes.

Programme management meetings between ESA and the Commission are held in general every month to review the management and the technical implementation of the programme. The Commission also monitors closely the technical implementation of the programme through on-the-spot visits or through ESA segment project reviews with ESA segment responsible.

The Commission follows very closely the procurement procedures carried out by ESA by participating at all stages of the process and at many meetings dedicated to procurement. Finally, the final decision concerning the award of any contract is taken by the Commission.

Moreover, independent experts assist the Commission in what concerns the implementation of the programme and making appropriate recommendations in particular regarding risk management.

The Commission also has the right to attend every meeting related to the implementation or procurement for activities funded under the Agreement. Therefore the Commission participates to Galileo and EGNOS Program change control Board, Tender Steering Committees, ESA Tender Evaluation Board and Galileo and EGNOS Project Change Control Board

2. **Monitoring through ESA reports:** The Agreement obliges ESA to provide details of the activities carried out in the following reports: quarterly, annual ad-hoc and final reports which contain detailed information about the implementation of the contracts, the costs incurred, a summary of the audits carried out by ESA and their main findings, an update on estimated completion date and milestones and, in the final report, an inventory list of the assets handed over to the Commission. These reports include Key Decision Points (milestones for the implementation) of the GNSS programmes, through which it will be possible to assess whether functional, financial or scheduling targets are met and corrective measures to be taken where necessary.

In the Annual Implementation Report ESA has also to provide an overview of the content of the risk register over the past year, including the results and effectiveness of any risk analysis and mitigation actions.

3. **High level monitoring:** In addition, regular meetings between DG ENTR's Director General and ESA's Director take place to steer and supervise the Agreement's implementation.
4. **External monitoring:** As mentioned, independent experts assist the Commission to assess all aspects of the programmes (implementation, risks, etc.)

Moreover, DG ENTR is carrying out ex-post financial controls on the costs related to the signed delegation agreements with ESA. OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the community funding under the Delegation Agreement.

ANNEX 7: AARs of Executive Agencies

ANNEX 8: Supervision mechanisms of executive and regulatory agencies

Executive agencies

EXECUTIVE AGENCIES ARE:

- legal persons under Community law created by Commission Decision to which implementation of all or part of a Community programme can be delegated (in accordance with Council Regulation (EC) No. 58/2003),
- controlled and supervised by the Commission and not entrusted with any margin of discretion implying political choices,
- unlike regulatory agencies, closely embedded in the Commission governance structure; they are managed by the Director of the Agency (currently a seconded Commission senior official) and the Steering Committee composed of senior Commission officials representing parent-DGs and horizontal services,
- located in Brussels, occupying partly the same buildings as DGs and managed by seconded Commission officials,
- supposed to ensure more cost efficient management of Community programmes as compared to management by Commission Executive Agency for Competitiveness and Innovation (EACI)

The decision to transform the Intelligent Energy Executive Agency into the Executive Agency for Competitiveness and Innovation was taken in May 2007 in order to extend the Agency's mandate to management of, *inter alia*, further projects of the Competitiveness and Innovation Framework Programme.

The aim of delegating management of certain projects to EACI was to enhance the effectiveness and the efficiency of budget management, to develop synergies within the Competitiveness and Innovation Framework Programme (CIP) and to enhance visibility and proximity to SMEs.

With regard to the CIP, the EACI manages parts of the Entrepreneurship and Innovation Programme (EIP) for which the responsibility lies with DG ENTR, the "eco-innovation" market and pilot replications projects of the EIP which are under the responsibility of DG ENV, as well as the Intelligent Energy Programme of DG ENER. In addition, it manages the Marco Polo Programme of DG MOVE.

For ENTR, the EACI implements:

- the Enterprise Europe Network: project management since November 2007, "network animation" since 30th April 2008 and the IT tools since February 2009.
- IPEuropeAware Project (including IPR Helpdesk) since July 2008.

In budgetary terms, EACI will manage about €1.7 billion for 2007-2013 (all programmes). For DG ENTR, it will manage about €360 million which constitutes 45% of our EIP budget. The Enterprise Europe Network accounts for the major part of this budget, i.e. €320 million.

DG ENTR is one of the parent-DGs of the EACI, together with DG MOVE, DG ENER and DG ENV. John Farnell (ENTR.A) is the Chairman of the EACI Steering Committee. The building-up of the Agency's operational capability which followed the formal extension has largely been finalised. As of

end of 2010, the Agency had 142 staff and an operating budget of €16.44 million (ENTR part of the subsidy amounted to €7.7 million).

Supervision mechanisms

The Director of an executive agency as an authorising officer by delegation is responsible for setting up the management and internal control systems adapted to the tasks entrusted to the executive agency (EA) to ensure that the operations it performs are lawful, comply with the rules and are effective.⁵⁵

The Commission must maintain control over the EA's operation. More specifically, the Commission shall supervise implementation of Community programmes, or parts thereof, entrusted to an EA.⁵⁶

To comply with the legal requirements as specified above, DG ENTR as a parent-DG of the EACI has set up a policy approach and an organizational structure for monitoring and supervision of the EACI. This monitoring and supervision governance structure derives from the general legislative framework for EU executive agencies and legal documents specifically concerning the EACI, for the latter notably Commission Decision C(2007) 3198 delegating powers to the Executive Agency for Competitiveness and Innovation ("Act of Delegation"). In addition, it is based on agreed working arrangements between the parent-DGs and the EACI.

It consists of three levels:

1. Strategic and political supervision is assured through the Steering Committee which co-manages the EACI together with its Director. The tasks include the adoption of: the annual work programme on a proposal of the EACI Director, the annual activity report and the administrative budget. John Farnell, the Director of ENTR.A, is currently the Chairman of the EACI Steering Committee which is composed of five senior Commission officials. The Steering Committee meets at least four times a year.
2. A second supervision level covers administrative and horizontal management issues. Relevant legal provisions for this supervision level can be found mainly in the Act of Delegation. For daily work, they are complemented by horizontal working arrangements such as "Guidelines on the effective exchange of information agreed between the EACI and DGs TREN, ENTR, and ENV"⁵⁷ and "Guidelines on budgetary and financial relations agreed between the EACI and DGs TREN, ENTR, and ENV"⁵⁸. The main reporting instrument at this level is the EACI's quarterly report (in line with Article 14 of the Act of Delegation). The necessary follow-up within DG ENTR and the reporting to the Commissioner is done through the management reports prepared by DG ENTR.
3. At a third level, operational supervision of individual measures delegated to the EACI is ensured by the operational units in charge.

Research Executive Agency (REA)

REA is located in Brussels. It was formally established in December 2007. It became autonomous and fully took up its management responsibilities in June 2009. DG RTD and DG ENTR are the "parent" DGs and members of the steering committee of the Agency. DG INFSO and MOVE, are observers in

⁵⁵ In compliance with Article 11 (7) of COUNCIL REGULATION (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes ("Framework Regulation") and Article 29 of COMMISSION REGULATION (EC) No 1653/2004 of 21 September 2004 on a standard financial regulation for the executive agencies pursuant to Council Regulation (EC) No 58/2003 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes as amended by COMMISSION REGULATION (EC) No 651/2008 of 9 July 2008.

⁵⁶ In line with Article 2(1) of the Framework Regulation.

⁵⁷ See D(2007) 41388 of 18th December 2007.

⁵⁸ See D(2008) 18199 of 18th June 2008.

the steering committee. By the end of 2010, REA staff was of 408 and an operating budget of €32.8 million.

The REA will manage a total of €6.5 billion from the 7th Framework Programme (FP7). As regards the FP7 themes under DG ENTR responsibility, it will manage €0.8 billion and 0.6 billion for the Security and Space themes respectively for the period 2009-2013.

Total Space & Security funds	Funds to be managed directly by ENTR	Funds to be managed by REA
€2.6 billion	€1.2 billion	€1.4 billion

The REA will manage the whole project cycle for projects under its responsibility. It will also be responsible for the organisation of the evaluation of proposals to be funded by the Commission directly, among other support activities.

Supervision mechanisms

DG RTD (Research) had the leading role in the supervision of the REA. The ENTR monitoring and supervision governance consists of three levels:

1. Overall control of the Agency : the Steering Committee

DG ENTR is represented and participates in REA Steering Board. The steering Committee maintains the overall control of the Agency. It has the task of ensuring that the Agency carries out its mission and performs the tasks assigned to it. It decides on the organisation of the Agency, adopts the Agency's administrative budget in accordance with the establishment plan and subsidy previously approved by the Budget Authority as part of the general budget of the European Union, adopts the annual work programme, the annual activity report and annual accounts.

2. Operational management

Ad hoc bilateral meetings are set up between the Unit H2 (ENTR – Space Unit) and its REA counterpart as well as between Unit H3 (ENTR-Security Unit) and its REA counterpart whenever it is felt to be needed. These meetings are the main means of ensuring the core day to day business of the Agency related to the FP7 Space and Security themes is maintained in line with the requirements of the DG ENTR.

3. Administrative and horizontal management issues

The main tasks at this level include:

- (1) Supporting the ENTR member of the Steering Committee,
- (2) Liaising with the REA Director and with the RTD colleagues working on this file,
- (3) Providing the REA with the necessary budget and monitoring its implementation,
- (4) Following-up the evolution of the indicators and targets (such as “time to grant” and “time to pay”) provided by REA as part of their quarterly report to the Director General and to the Steering Committee,
- (5) Participating to the elaboration of the FP7 - evaluation processes and of the *ex post* audit strategy.

Within DG ENTR, Unit H5 is responsible for ensuring the supervision of this, in close cooperation with other horizontal units where necessary, in particular with Unit R.1 for financial issues. Unit R1 and Unit A4 are also leading the DG ENTR supervision as far as Audit (for R1) and Evaluation (for A4) issues are concerned.

Regulatory agencies (Community agencies)

A Regulatory Agency (Community Agency) is a body governed by European public law. It is distinct from the Community Institutions (Council, Parliament, Commission, etc.) and has its own legal personality. It is set up by an act of secondary legislation in order to accomplish a specific technical, scientific or managerial task, in the framework of the European Union's "first pillar". This type of Agency is supervised by a Management Board.

The two agencies under the responsibility of DG ENTR is the European Chemicals Agency (ECHA) and the European GNSS Agency (GSA).

European Chemicals Agency (ECHA)

ECHA is located in Helsinki and started operating in June 2007. Its mission is to ensure a high level of protection of human health and the environment in the EU and to provide technical and scientific advice, guidance and information on chemicals. At the end of 2010, ECHA had 456 posts on its establishment plan and a budget of €75 million. The Agency is responsible for coordinating the duties introduced by the REACH Regulation, and the Regulation on the classification, labelling and packaging of substances and mixtures. It manages the registration, evaluation, authorisation and restriction processes for chemical substances as well as the harmonisation of classification and labelling processes. These processes are designed to provide additional information on chemicals, to ensure their safe use and to enhance the competitiveness of the EU industry.

The Management Board of the Agency is composed of the representatives from the Member States, European Parliament, European Commission (DG ENTR, DG ENV, JRC), and three members representing industry, trade unions and NGOs. The Agency has established a Member State Committee, a Risk Assessment Committee and a Socio-Economic Analysis Committees, and a forum of national enforcement authorities.

Supervision mechanisms

The ENTR unit in charge of REACH has very frequent contacts on a day-to-day basis with ECHA which enables constant monitoring of its functioning. These contacts include numerous meetings and various other forums, e.g. conferences.

In addition to this, the following other supervision mechanisms are in place:

- Director General of ENTR is a member of ECHA's Management Board (three Commission representatives on the Management Board)
- Participation as observer to the following bodies of the Agency
 - Member State Committee
 - Risk Assessment Committee
 - Committee for Socio-economic Analysis
 - Forum for Exchange of Information on Enforcement
- Participation as member to the following networks convened by the Agency
 - Security Officers Network
 - Risk Communication Network

- Official reports released by the Agency
 - ECHA 2009 general report
 - Report on IAS review of the implementation of Internal Control Standards
 - Multi-annual Staff Policy Plan 2011 - 2013
 - 2011 Budget of the Agency
 - ECHA work programme 2011
 - Multi-annual work programme 2011 – 2013

GSA (European GNSS Agency)

Background

The European GNSS Agency (formerly known as the GNSS Supervisory Authority) was created by Regulation 912/2010 of 22 September 2010⁵⁹, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council. Other than the change of name of the Agency, the new legal base aligns the Agency's mandate with what is stipulated in the GNSS Regulation (683/2008) and further develops the work the Agency is to undertake in the domain of security.

Its principle tasks – as stated in Regulation 683/2008 – are:

- a) the security of the programmes, specifically
 - (i) security accreditation; to that effect it shall initiate and monitor the implementation of security procedures and perform system security audits,
 - (ii) the operation of the Galileo security centre
- b) contribute to the preparation of the commercialisation of the systems, including the necessary market analysis
- c) and accomplish other tasks that may be entrusted to it by the Commission.

The main supervising body is the Agency's Administrative Board on which the Commission is represented with five votes, alongside Member States with one vote each.

In addition to its mandated tasks, the Agency also carries out activities delegated to it by the Commission. Specifically, the GSA manages the implementation of call for proposals, evaluations and management of projects launched in the context of the R&D Framework Programme (FP7), theme Transport/Galileo.

At the end of 2010, GSA had 40 staff and a budget of €7.89 million.

Supervision by the Commission

As concerns the Agency's mandated activities the Commission's supervision is exercised as laid out in the Agency's basic act which confer certain responsibilities on the Administrative Board (of which the Commission is a member), notably Board appointing and exercising disciplinary authority over the Agency's Executive Director, adopting the Work Programme, supervising the budget and overseeing the operation of the Galileo Security Monitoring Centre (which does not yet exist). The Regulation also bestows additional rights on the Commission, namely the right of veto over the Work Programme and over the exercise of disciplinary authority over the executive director and the responsibility for preselecting the list of candidates for the post of the Agency's executive director. As far as the delegated activities of the Agency are concerned, the Delegation Agreement foresees regular reporting

⁵⁹ This entered into force on 9 November 2010

from the Agency to the Commission on the work it has carried out.

Supervisory activities carried out in 2010

As with its other agencies "de tutelle", DG ENTR has co-ordinated and commented upon the multi-annual staff policy plan submitted by the Agency. However, due to differences of views with DG BUDG on staffing requirements, no consolidated response was sent to the GSA. DG ENTR also processed the budget request coming from the Agency and followed up on the budget procedure (1st and 2nd reading of Council and Parliament).

It participated actively in the five meetings of the Administrative Board that took place in the course of 2010. It regularly informs the Board members of the state of play in other areas of the GNSS Programmes and intervenes in discussions to ensure overall coherence of activities, in line with its mandate as manager of the GNSS Programmes.

Following the Administrative Board's decision not to extend the mandate of the previous executive director, DG ENTR launched the recruitment process for his replacement and helped establish a shortlist of candidates which was finally adopted by the Commission on 9 December and transmitted to the GSA.

The Commission exercised the supervisory tasks provided for in the corresponding Delegation act as regards the implementation of one new call for proposals under FP7, and in the management of existing contracts.

In parallel, DG ENTR has put in place a schedule of monthly coordination meetings between the GNSS Agency and the Commission at which on-going and future issues of common interest are discussed. The first two such meetings took place at the end of 2010. As regards the delegated tasks, regular meetings have also taken place to review work carried out in the field of R&D activities, on the basis of reports received from the Agency.

ANNEX 9: Main operational performance indicators of DG ENTR

Key performance indicators	Target	2008	2009	2010
Political coordination				
Adopted CWP strategic items/Planned	100%	100%	100%	100% (2/2)
Adopted CWP other items/Planned	-	-	-	62% (5/8)
Adopted CWP simplification items/Planned	-	-	-	43% (3/7)
CIS answered within deadline	> 90%	92%	95%	98%
EP questions answered within deadline	100%	100%	100%	94%
IAB acceptance rate for the first submission	100%	-	42%	50% (4/8)
Answered ISC/Received	-	-	-	97%
ISC answered within the deadline	100%	-	-	99,98%
Internal market				
Commission reaction within deadlines to the 98/34 notifications	100%	93%	100%	98%
Commission reaction within deadlines to WTO/TBT notifications	100%	100%	100%	100%
Budget execution				
Commitment/appropriation	-	99%	99%	99%
Commitment/forecast	> 90%	100%	99%	98%
Payment/appropriation	-	83%	88%	94%
Payment/forecast	> 80%	-	93%	94%
Payment within deadlines	> 90%	87%	95%	97%

Key workload indicators	2007	2008	2009	2010
Political coordination				
Evaluations				
Finalised	-	4	10	11
Launched	-	8	8	14
Impact Assessments				
Finalised	-	23	8	7
Launched	-	6	7	15
Inter-Service Consultations				
Launched	1078	1211	1425	404
Received	2219	1590	1644	2959
Questions from the European Parliament				
Oral	138	157	90	63
Written	1213	1247	782	1086
Internal market				
98/34 Notifications received	752	664	807	896
TBT Notifications from Third countries	891	1073	1374	1381
Infringements procedures in instruction	---	209	281	90
Priority files in instruction	---	72	64	48
Budget execution				
<i>Ex ante</i> opinions	---	5596	4878	4281

Key other internal indicators	2007	2008	2009	2010
Staff management (Sysper2, Syslog)				
Vacancy rate (%)	8,4%	5,6%	3,6%	6,4%
Average vacancy (months)	4,6	4,2	5,7	2,2
Average number of training days (days)	7,8	9,0	8,2	7,6
Document Management (ARES)				
Documents verified over the total registered	-	-	-	99%
Error rate during registration	-	-	-	7%


Follow-up of audits with delay (AMS)				
% of critical recommendations	0%	0%	0%	0%
% of very important recommendations	17%	6%	10%	18%
% of important recommendations	13%	12%	8%	1%

ANNEX 10: Activities covered by crossed sub-delegations granted by DG ENTR Authorising Officer by delegation to other Directors General

Activities covered by crossed sub-delegations granted by DG ENTR Authorising Officer by delegation to other Directors General		
DG	Article/Item	Activity
DIGIT	02.010503 02.010.201.00.02.20 02.010404	Other management expenditure for research External Assistance Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme — Expenditure on administrative management
ECFIN	02.020302 02.0210	Support for small and medium-sized enterprises (SMEs) in the new financial environment Pilot project — Technology transfer
ESTAT	02.0201 02.020201	Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme Support to EU-Japan Centre for Industrial Cooperation and membership to international study groups
OPOCE	02.040101 02.040102 02.010201.00.02.20 02.010211.00.02.40	Space research Security research Technical Assistance Other management expenditure – Conferences
PMO ⁶⁰	02.040101 02.040102 02.0403	Space research Security research Appropriations accruing from contributions from (non- European Economic Area) third parties to research and technological development
RTD	02.0401 02.0404 02.0206 02.010404	Security and space research Completion of previous research programmes Pilot project — Regions of knowledge Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme — Expenditure on administrative management
SANCO	02.010404	Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme — Expenditure on administrative management
SG	02.0201	Competitiveness and Innovation Framework Programme — Entrepreneurship and Innovation Programme

⁶⁰ The Authorising Officer by Sub-delegation also reports for the sub-delegated budget lines in the own Annual Activity Report




ANNEX 11: General objectives and impact indicators with a multi-annual perspective (up to 2020) by Policy Area


POLICY AREA: ENTERPRISE AND INDUSTRY				
GENERAL OBJECTIVES	Impact Indicators ⁶¹			
	Indicator	Target (long-term)	Milestones	Current Situation
<p>To strengthen Europe's industrial base and promote the transition to a low-carbon economy</p> 	Growth of industrial competitiveness (NEER ⁶² /REER based on ULC, excluding the impact of currency fluctuations)	An annual growth of 1%	A 5% growth in 2015	2009: -3.1% 2008: -0.3% 2007: +0.7% 2006: +1.9% 2005: +0.6%
	Growth of the labour productivity per hour	Close the gap with the US (and Japan) in terms of levels, and have a higher yearly growth rate than the US	<u>US Benchmark:</u> 2009: 2.4% 2008: 0.8% 2007: 1.0% 2005/2009: 1.2% 1995-2005: 2.3% <u>Japan Benchmark</u> 2009: - 0.5% 2008: - 0.1% 2007: +1.9%	<u>EU27</u> 2009: -1.4% 2008: 0.2% 2007: 1.2% 2005/2009: 0.5% 1995-2005: 1.9%
	New jobs created in EU 27 in industry and industry related services	5 million jobs in industry and related services up to 2020	Reaching the pre-crisis level of 2008	Accumulated growth from 2004 2007: +4.18 mio 2006: +2.38 mio 2005: +0.94 mio
	EU manufacturing output (% change from previous year)	Annual growth of 2.5%	Recovery to the level from before the crisis	2009: -14.6% 2008: -1.7% 2007: +3.6% 2006: +4.1%
	Share of medium- and high-tech manufacturing sectors of total value added	Increase		<u>EU25</u> 2007: 45.2% 2005: 42.1%
	Energy intensity of the economy – kgoe ⁶³ per 1000 EUR	Decrease		2008: 167 2007: 169 2006: 176

⁶¹ These indicators refer to developments in Enterprise and Industry policy area. The Commission itself is not solely responsible for the achievement of the targets. A range of other factors outside of the control of the Commission also affects outcomes in this area.

⁶² NEER = Nominal effective exchange rate; REER = Real effective exchange rate; ULC = Unit Labour Cost

⁶³ KGOE = Kilograms of oil equivalent

					2005: 181
		Energy consumption of manufacturing per unit of value added (in € 2005, at ppp) – Kgoe/€05p	Decrease		2008: na 2007: 0,154 2006: 0,158 2005: 0,169
		EU manufacturing output growth in eco-industries (% change from previous year)	Annual growth of 8% in average during the next decade	By 2015, a 50% increase in output is targeted.	Annual growth of 6-7% during the last years
II	To promote innovation as a means to generate new sources of growth and meet societal needs 	Innovation performance of the EU as a whole and of Member States (Source: European Innovation Scoreboard)	27	Increase	26 out of 27 Member States have had a positive average annual growth in innovation performance in the period 2005-2009
		Share of fast growing innovative firms in the economy	To be defined in the follow-up of the Innovation Union Flagship.	Indicator to be developed in the framework of the actions of the task force in charge of the follow-up of the Innovation Union Flagship	Data not available before 2012 when the elaboration will be approved by the Task force
III	To encourage the creation and growth of SMEs and promote a new entrepreneurial culture 	New jobs created in SMEs in industry and industry related services	3 million jobs in industry and related services up to 2020	Reaching the pre-crisis level of 2008	Accumulated growth from 2004 2007: +2.77 mio 2006: +1.79 mio 2005: +0.94 mio
		SME growth in terms of added-value and employees	Continuing growth	n.a.	Annual growth rate 2002-2008 Added-value : 4.2% Employment : +1.9%
		Gross birth rate of SMEs	11% by 2014	n.a.	2008: 8 Member States (EU-25) had a start-up rate of at least 11%
		Share of EU population involved in entrepreneurial ventures	12,5% by 2014	n.a.	2010: 10% today (US: 14%)
IV	To ensure an open internal market for goods 	Volume of intra-EU 27 trade (2005=100)	Increase	Recovery phase after the 2008 crisis	2009: 93.5 2008: 109.4 2007: 111.2 2006: 108.0 2005: 100.0

V	To support the European presence in space and the development of innovative technologies through space applications 	<u>Earth Observation Systems (GMES)</u>			
		EU World-wide market share of applications based on satellite systems	2020: Close the gap with the US Market share (=50% in 2009)	Increase	2010: 24%
		<u>Global Navigation Satellite Systems (GNSS: EGNOS+Galileo)</u>			
		Public benefits for Europe's economy and additional revenues for Europe's industry	Up to € 90 billion over a period of 20 years		n.a.
		Market share of EU GNSS industry in worldwide GNSS downstream market.	2020: 33%	2016: 30% one year after start of IOC services 2012: 24% one year after EGNOS SoL declaration	2010: 20%

ANNEX 12: Articulation between objectives, ABB activities and EU 2020 flagships

GENERAL OBJECTIVES	SPECIFIC OBJECTIVES	ABB ACTIVITY
I. To strengthen Europe's industrial base and promote the transition to a low-carbon economy	<ul style="list-style-type: none"> To promote favourable framework conditions for European industry [IP, IU]* 	02 02
	<ul style="list-style-type: none"> To support the adjustment, restructuring and sustainable development of industrial sectors (including tourism) [IP, IU, REE] 	02 02
	<ul style="list-style-type: none"> To promote access for European businesses to third country markets [IP] 	02 02
II. To promote innovation as a means to generate new sources of growth and meet societal needs	<ul style="list-style-type: none"> To promote innovation through improved framework conditions and support measures [IP, IU, DA] 	02 02
	<ul style="list-style-type: none"> To support research and the development of operational applications in the security sector [IP, IU] 	02 04
III. To encourage the creation and growth of SMEs and promote a new entrepreneurial culture	<ul style="list-style-type: none"> To promote a business environment favourable to SMEs and entrepreneurship [IP, IU, YoM] 	02 02
	<ul style="list-style-type: none"> To facilitate access to finance for SMEs and innovation [IP, IU] 	02 02
IV. To ensure an open internal market for goods	<ul style="list-style-type: none"> To continually renew existing internal market <i>acquis</i> and propose new legislative or non-legislative action whenever appropriate [IP, IU, DA] 	02 03
	<ul style="list-style-type: none"> To ensure the correct application of Community law [IP, IU, DA] 	02 03
V. To support the European presence in space and the development of technologies through space applications	<ul style="list-style-type: none"> To support research and the development of operational applications in the space sector [IP, IU] 	02 04
	<ul style="list-style-type: none"> To promote the operational use of EU earth observation-based services (GMES) [IP] 	02 02
	<ul style="list-style-type: none"> To provide satellite-based services improving the performance of GPS over Europe (EGNOS) [IP] 	02 05
	<ul style="list-style-type: none"> To develop and provide global satellite-based radio navigation infrastructures and services (Galileo) [IP] 	02 05

* The links with the Europe 2020 flagships are referred to in brackets:

IP = Industrial Policy
IU = Innovation Union
DA = Digital Agenda

REE = Resources Efficient Europe
YoM = Youth on the Move

ANNEX 13: Specific Objectives and result indicators with a Multi-annual Perspective (up to 2014) by Activity

A) ABB 02 02: Competitiveness, Industrial Policy and Entrepreneurship

Specific Objective 1: To promote favourable framework conditions for European industry		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Progress on implementation and follow-up of ENTR measures announced in the 2010 Industrial Policy Communication (43 adopted actions)	2010: 0 implemented action	2015: 43 actions to be implemented
Under the Europe 2020 strategy, degree of competitiveness in Member States as identified in the Commission's country analysis, as judged on the basis of a set of 26 indicators	For each country, see the data in the staff document attached to the industrial policy Communication (SEC (2010) 1272, COM (2010) 614)	2014-2020 Improvement of industrial competitiveness in Member States as captured in the annual Commission report on Member States' competitiveness performance and policies. NB: Improvements which materialise in the year t will in general only become visible in the year t+2, due to the usual time lags of competitiveness related indicators.
Main policy outputs		
<p>Communication on an Industrial Policy for the Globalised Era, accompanied by 3 Staff Working Documents – adopted 28 October 2010 COM(2010)614</p> <p>Annual Report on Structural Reforms in the Member States under the EU 2020 strategy</p>		
Main expenditure-related outputs		
<p>Launch of studies on competitiveness and cross-sectoral issues for the 2011 Competitiveness Report, printing/dissemination of the report, and the Call for an Expression of Interest for the Economist Visitors Programme was launched with a deadline of 30 June 2011 – call for tender 'Industrial competitiveness for a sustainable future' launched with a deadline of 20 September 2010</p> <p>The 2nd high-level conference on Industrial Competitiveness: the role of policy and markets in difficult times" was held in Brussels on 26 April 2010 and launched a debate on Europe's competitiveness and the policies needed for sustained growth and employment in Europe</p> <p>On 29-30 November the European Commission hosted a plenary meeting of the European Multistakeholder Forum on Corporate Social Responsibility (CSR). The aim of the meeting was to exchange views about the scope and content of a new European policy initiative in the field of CSR and it addressed 6 themes in more detail: responsible consumption; responsible investment; the links between CSR and competitiveness; transparency and disclosure of non-financial information; business and human rights; and the global dimension of CSR.</p>		
Main evaluation results		
Activities carried-out to promote favourable framework conditions for European industry are being		

guided by the **yearly report on Member States Competitiveness Performance and Policies** (first issued in October 2010).

Specific Objective 2: To support the adjustment, restructuring and sustainable development of industrial sectors (including tourism)

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of pilot projects as a viable part of an international framework for sector-specific action to fight climate change and paving the way to a low carbon economy	2010: A study to provide 'proof of concept' of sectoral approaches to carbon emissions reduction was finalised. It covered the EU, US and Japan and a few developing countries (China, Mexico, Brazil and India) and a few sectors (Cement, Iron and Steel, Petrochemicals)	As from 2012: two pilot projects covering sectors such as cement, chemicals or others to be defined.
Number of adopted implementing measures of the Eco-design Directive and related energy savings	2010: 11 measures are adopted (200 TWh annual savings by 2020 – including ENER proposals)	6 measures in 2011 and 5 in 2012 and 4 voluntary agreements (including ENER proposals)
Progress on implementation and follow-up of ENTR measures announced in the 2010 European strategy on clean and energy efficient vehicles	2010: December 'A European Strategy for Clean and Energy Efficient Vehicles - Rolling Plan'	2014: All measures (47) implemented by DG ENTR, other DGs and Member States
Number of destinations joining the European Destinations of Excellence network for the promotion of sustainable tourism development models	2010: 77 2009: 52 2008: 30 2007: 10	2014: 128 2013: 128 2012: 103 2011: 98

Main policy outputs

Communication on a European strategy on clean and energy efficient vehicles – Adopted on 28 April 2010 COM(2010)186

Communication on Europe, the world's No 1 tourist destination - a new political framework for tourism in Europe – adopted on 30 June 2010 COM(2010)352

Communication on Raw Materials – 10 November 2010 adopted on 2 February 2011 COM(2011) 25 final

Communication on Monitoring the EU Market for Consumer Electrical and Electronic Goods (joint with DG SANCO) – postponed to 1st Quarter 2011

A High-level Tourism Stakeholders' Conference was held on 14th-15th of April in Madrid exploring ways and means to strengthen the visibility of tourism at a European level and verifying how the actions to promote a competitive EU tourism industry and a sustainable growth of European tourism could be consolidated in an updated EU tourism policy framework, to be implemented in close cooperation with the national and regional authorities and the EU private tourism stakeholders.

The European Tourism Day took place on 27 September 2010 in Brussels. Leader projects, policy officers, local and regional authorities, universities and other actors involved in tourism participated in the event that was mainly devoted to the promotion and valorization of European citizenship and cultural and historical heritage. In line with new communication "Europe, the world's No 1 tourist destination – a new political framework for tourism in Europe" adopted on the 30th June 2010, where the need of promoting cultural itineraries is specifically mentioned (see Communication - pages 7-8), a particular focus was given to "European Cultural Routes".

The European Tourism Forum was held on 18th-19th November 2010 focusing on the theme 'Strengthening Europe's Role as the Leading Tourism Destination' as one of the four priority areas of the June Communication on Tourism.

Launch a Med Tech Forum/Task Force on competitiveness of the medical device industry and public health challenges – responsibility for this sector was transferred to DG SANCO.

Study on mechanical engineering - the study shall deliver a snapshot of the global mechanical engineering from the standpoint of the European sector. The performance of the European industry in international markets will be analysed. For 10 subsectors, strengths and weaknesses shall be identified. The results of the study should be available and will be publicly presented in the last quarter of 2011.

Report on the follow-up of the Communication on promoting competitiveness of the European electrical and electronics engineering. ELECTRA Communication recommendations are being followed up in view of the report to the Council expected in 2012. To this end, a series of stocktaking meetings on ELECTRA are being organised in 2011 along with industry and other Commission services.

The High Level Forum for a Better Functioning Food Supply Chain was set up in 2010. Acting as a tool for competitiveness activities, the Forum's mandate is to follow: the recommendations of the High Level Group on the Competitiveness of the Agro-Food Industry, and the implementation of the initiatives proposed by the Commission in its Communication "A better functioning food supply chain in Europe" (COM (2009) 591) . The Forum was launched at its first meeting on 16 November 2011.

Communication (accompanied by a Staff Working paper) on the progress with the implementation of the recommendations of the High Level Group on chemicals – postponed to 1st quarter 2011

Report on the restructuring of Romanian steel industry – adopted 16 September 2010 COM(2010)476

Main expenditure-related outputs

Call for Proposals for the European Destinations of Excellence 2011 (EDEN) preparatory action theme 'regeneration of physical sites' with a deadline of 21 May 2010 and EDEN communication and dissemination campaign for 2010-2011 – use of framework contract with a deadline for submission of tenders of 6 May 2010

Continuation of the preparatory action CALYPSO (social tourism) – four workshops held from March to June 2010 on Tourism Exchanges in Europe, "Discussion on the way forward on the exchange mechanisms between European countries". Call for proposals for setting up CALYPSO structures with a deadline of 4 October 2010

Continuation of the preparatory action on 'sustainable tourism' – organisation of one workshop in Bulgaria (March 2010); call for proposals aiming at facilitating the development of specific management plans and/or action plans for cross border cycling tourism projects with a deadline on 30 July 2010

Use of the framework contract on Flash Eurobarometer Opinion Polls of DG COMM for realisation of one Eurobarometer Survey on attitudes of Europeans towards tourism, March 2010

Call for proposals - Knowledge Networks for the Competitiveness and Sustainability of European Tourism with a deadline of 1 October 2010

Call for tenders on sectoral approaches - Energy Intensive Industries Sustainability Monitor, addressing challenges and opportunities on the way to a low carbon economy

Call for tenders on major assessment for textile/clothing and footwear sectors competitiveness and prospects for the future.

Multi-clients studies, statistics and forecasts on automotive industry

Update of benchmarking study on national biotechnology policies

Organisation of conferences on 'Nanotechnology Platform'

Study on costs and benefits of a European system on industrial security

Study on opportunities for strengthening the sustainable competitiveness of the shipbuilding and marine equipment industry

Organisation of a conference on the Competitiveness of the European Defence Industry

<i>Main evaluation results</i>		
An independent evaluation of the Ecodesign Directive 2009/125/EC was launched in December 2010 (to be completed in December 2011) in order to support the review of the effectiveness of the Directive and its implementing measures required by 2012. The evaluation aims at reviewing the operation, methods and effectiveness of the Directive and assessing the appropriateness of extending its scope beyond energy-related products.		
Specific Objective 3: To promote access for European business to third country markets		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of concluded Free Trade Agreements	2010: 1 (South Korea)	2014: up to 10
Number of countries with which regulatory/industrial policy dialogues are conducted	2010: 6 (USA, Canada, Japan, Russia, China and Japan)	2014: 8
<i>Main policy outputs</i>		
<p>Conclusions of a study on SMEs internationalisation were published (June) in order to prepare Communication on reinforcing support to EU small and medium-sized enterprises in markets outside the EU (4th quarter 2011)</p> <p>Trade issues; including input to multilateral DDA Round (WTO), input to FTA negotiations (with several countries) and management of trade policy instruments;</p> <p>Regulatory/Industrial policy issues. including management/coordination of Regulatory and Industrial Policy Dialogues and working groups with USA, Canada, China, Russia, India and Japan.</p> <p>Enlargement and Neighbourhood issues; including coordination of enlargement chapters 1 an 20, management of enterprise policy efforts under the work programme for Med countries, and management of the "economic integration" platform under the Eastern Partnership.</p> <p>Workshops and visits on innovation policy, in particular international cooperation with 3rd countries</p> <p>Negotiations and implementation of trade agreements for non-annex I products in the framework of bilateral (free-trade, association or co-operation and custom union agreements) and multilateral agreements</p> <p>Call for tenders for a study on the comparison of technical regulations, standards and conformity assessment procedures between the EU, Russia and Brazil in the textiles, clothing, footwear and leather sectors</p>		
<i>Main expenditure-related outputs</i>		
<p>Support for the EU-Japan Centre</p> <p>Support for the China IPR SME Helpdesk – Call for proposal launched, deadline 9 July 2010 – concerns the provision of China IPR SME Helpdesk services 2011 - 2013</p>		
<i>Main evaluation results</i>		
The results of the current external study on Opportunities for the Internationalisation of SMEs outside the EU (to be completed mid 2011) will be used to feed parts of the Proposal reinforcing support to EU SMEs in markets outside the EU, which is planned for end 2011.		
Specific Objective 4: To promote innovation through improved framework conditions and support measures		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>

Progress on implementation and follow-up of ENTR measures announced in the 2010 Innovation Union Communication (12 adopted measures)	2010: 1 adopted measure	2020: 12 measures to be implemented 2014: 6 measures to be implemented
Number of Member States including evidence from the European Innovation Scoreboard and/or the INNO Policy Trend chart in their policy making processes	2009: 12 Member States	2014: 27 Member States
Share of innovative enterprise of total number of all enterprises (Source: Community Innovation Survey)	2008: 52% 2006: 53% 2004: 51%	2014: 60%
Number of actions completed from the Lead Market Initiatives action plans	2010: 58/88 actions	2011: 83/88 actions implemented according to action plan NB: About 5 actions will probably be abandoned.
Number of citations of publications of the European Cluster Observatory	About 100 citations	2014: 300
Take-up of new tools and instruments developed in support of SMEs	2010: n.a. 2009: 9	2011: 12
Estimation of leverage effect of projects in terms of additional innovation support funding mobilised by pilot projects	2011: € 35 million 2010: € 25 million	2014: € 150 million

Main policy outputs

Communication on Europe 2020 Flagship Initiative Innovation Union – adopted on 6 October 2010 COM(2010)546

Lead Markets Initiative (LMI), coordination of the implementation of the six Action Plans of the LMI Initiatives on European clusters: Establishment of European Innovation Platform on Cluster cooperation (Cluster-IP), reinforcement of European Cluster Observatory and completion of work of European Cluster Policy Group, establishment of European Cluster Alliance Secretariat and the European Cluster Managers' Club Implemented as foreseen; European Cluster Conference 2010 organised on 29 September – 1 October 2010, Brussels

IMP3rove Phase II – update of on-line platform; set-up the European Innovation Management Academy; establishment of certification schemes for IM consultants and SMEs – implemented as foreseen

Follow-up of Communication on Key Enabling Technologies including a High Level Group (First meeting of the HLG in July 2010) and a report to the Council and European Parliament in 2011

Main expenditure-related outputs

Studies and reports on Innovation in Europe (e.g. European Innovation Scoreboard (March 2010), Innobarometer survey, INNO-Policy TrendChart, Regional Innovation Monitor)

Sectoral Innovation Watch – publication of series of sectoral trends and foresight reports - implemented as foreseen

INNO-GRIPS – mini-studies, perspective studies, workshops and think-tank meetings, database on global innovation intelligence and policy studies

PRO-INNO Europe® – European Conference on services innovation – 14-16 June 2010, Copenhagen, 3-4 regional European Innovation weeks - 8 - 25 October 2010 in Kortrijk, 5-10 October 2010 in Milano, Design Management Europe Award 2010 – organised in Lisbon, December 2010; maintenance of website - implemented as foreseen, publication of 3 issues of newsletter- implemented as foreseen, annual PRO-INNO Europe® partnering event - postponed to 1st Quarter 2011, establishment of Expert Panel on Services Innovation in the EU - implemented as foreseen

Support for the European Helpdesk on Intellectual Property Rights – call for tender cancelled on 22 June 2010 and republished on 2 August

Europe INNOVA – 2 thematic workshops – on satellite mobile services, 17-18 May 2010, Stuttgart – on creative industries, 5 February 2010, Amsterdam - on regional and national specialisation patterns in innovative industries, 11-12 May 2010, Brussels , Europe INNOVA Awards 2010 – cancelled due to lack of nominations, maintenance of website - implemented as foreseen, publication of 4 issues of newsletter - implemented as foreseen, annual Europe INNOVA partnering event, organised in combination with the European Conference on services innovation, 14-16 June 2010, Copenhagen

Europe INNOVA Promotion Pillar – launch of on-line repository of novel tools and service concepts in support of innovation and SMEs – implemented as foreseen

Europe INNOVA Conference 2010 (organised in collaboration with the Belgian EU Presidency) - 27-29 October 2010, Liège

European Innovation Platform for Knowledge Intensive Services – partnering event, 10-12 February 2010, Rome, award ceremony – at the partnering event, 10-12 February 2010, Rome, regional events for young KIS entrepreneurs – on 18 May 2010 in Stuttgart, 11 May 2010 in Tartu, 3 December 2010 in Athens – implemented as foreseen and 17 January 2011 in Paris, launch of KIS entrepreneur video-library – implemented as foreseen

Main evaluation results

The relevance and effectiveness of **innovation support measures for SMEs** have been assessed by the EIP interim evaluation of May 2009 and the CIP Interim evaluation of March 2010. The latter demonstrated the "catalyser's" role of the EIP innovation support measures and the need for a clear articulation of the mechanisms and targets guiding the influence on policies, practices and other resource allocations at EU, national and regional levels. It also recommended improved synergies between the CIP and regional policy interventions. The current EIP final evaluation will guide activities aiming at promoting innovation in Europe through improved framework conditions and support measures".

The independent evaluation of the **2010 European e-skills week**, completed in August 2010, concluded on the global relevance, efficiency and effectiveness of the event. It recommended to maintain the measure for several years in order to ensure effective impacts but also suggested further improvements to the Commission (as well as to the other stakeholders), in particular in the field of communication, regarding the involvement of adequate stakeholders and the timing of the event. The organisation of the future edition of the European e-skills week will take due account of these recommendations.

The independent evaluation of the **implementation of the Communication of the European Commission "e-Skills for the 21st century"**, completed in October 2010, concluded positively on the relevance and the achievements of the EU activities in this field. It recommended continuation of the EU long term e-skills agenda and support to the development of Member States' e-skills strategies, increase of the resources devoted to e-skills activities and closer co-ordination and synchronisation between all levels involved. It also recommended focusing on identified gaps taking account of the disparities between Member States. The evaluation also recommends strengthening the monitoring of progress and achievements in order to further increase effectiveness, added-value, visibility and sustainability.

An independent final evaluation of the **Lead Market Initiative (LMI)** was launched in November 2010 (to be completed in July 2011), following the mid-term evaluation completed in September 2009. This evaluation will substantiate the assessment of the overall economic impact of the LMI that will be part of the final report on the first cycle of the LMI to be presented in 2011 as foreseen by the Lead Market Communication.

Specific Objective 5: To promote a business environment favourable to SMEs and entrepreneurship		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Reduction of start-up time and complexity for new enterprises	Working days on average in all Member States: 2010: 7 2009: 8 2008: 9 2007: 12	3 working days by 2012 as indicated in the Council's Action Plan for a Small Business Act for Europe
N° of young entrepreneurs participating in the ERASMUS for Entrepreneurs programme	Since the launch of the programme, over 2,500 entrepreneurs have registered to take part in it (2/3 new and 1/3 host entrepreneurs). 322 exchanges have been completed, 111 are ongoing and 78 are under preparation. The original target (870 exchanges before June 2010) has not been met. However, we can expect that the "1,200 exchanges" target will be reached for the end of 2011.	<u>Targets for end of 2012:</u> between 1,800 and 2,000 exchanges will have been financed since the launch of the project. <u>Targets for end of 2011:</u> 1,200 exchanges will have been financed since the launch of the project.
Time needed to get licences to take up and perform the specific activity of an enterprise	EU average (2009): Between 0 day and 2 years (depending on the Member-State and sector concerned)	1 month by the end of 2012
Bankruptcy: reduction in time to complete all legal bankruptcy procedures and be discharged	EU average in years: 2010: 1.93 2009: 2.09 Only five Members-States complete all legal procedures within one year (UK, SP, BEL, FIN, and IRL)	To complete all legal procedures to wind up the business in the case of non-fraudulent bankruptcy within one year by the end of 2012
Number of SMEs experts participating in the elaboration of standards in the Technical Committees (TCs) of the ESOs (CEn-CLC-ETSI) – considering the n° of TCs of SME interest	2010 : 43 experts in 51 TCs	July 2011 : 52 experts
Number of business, technology and research partnership agreements concluded with the assistance of the Enterprise Europe Network	2008-December 2010 (36 months): 3,500 agreements (estimated) 2008-June 2010 (30 months of activity): 2,773 agreements	2011-2012: 3,600 agreements

Individual SMEs reached by Enterprise Europe Network promotion	2008- June 2010 (2.5 year period): 2.1 million SMEs = 840,000 per year	2011-2012 (2 year period): 2 million SMEs = 1 million per year
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Main policy outputs

Communication: Review of the “Small Business Act” for Europe (SBA) – adopted on 23 February 2011 COM(2011) 78 final

Decision Erasmus for Young Entrepreneurs – postponed to 2011

Publication of the Annual SME Performance Report 2009 and the SBA country fact sheets 2009 – May 2010

First interim report on Enterprise Europe Network

Improve the effectiveness of public SME policies in fostering competitiveness by promoting the innovative use of ICT through the eBusiness policy coordination platform of the eBSN, in close cooperation with the EEN (Enterprise Europe Network)

SME Envoy activities and mainstreaming of SME Policy in the context of SBA and SME access to public procurement - the SME Envoy acted as the promoter of SMEs' interests throughout the whole Commission, ensuring in particular that the 'Think small first' principle is being applied effectively. Thanks to the SME Envoy efforts SMEs have been mainstreamed in the key Commission policies such as the new Europe 2020 strategy.

Publication of a report assessing the current state of entrepreneurship education in Europe, especially in relation to the development of strategies and their implementation (March 2010)

Main expenditure-related outputs

Enterprise Europe Network: Network grants, animation and specific action on Environmental services for SMEs (managed by EACI)

Evaluation of EIP indicators (February)

Conference on Erasmus for young entrepreneurs (April)

European SME Week (25 May-1 June)

Exchange of good practices in the context of SBA – organisation of a conference in May 2010 in Madrid and production of communication tools to communicate to SME and stakeholders on the implementation of the SBA. Part of these good practices is selected via the European Enterprise Awards which identify and reward best practices to promote entrepreneurship and SMEs at local/regional and national level.

CIP interim evaluation (March)

Study on the Business Dynamics of SMEs – status quo and improvement potential of administrative procedures and policies in start-up, bankruptcy and business transfers

SME and Craft Enterprises Participation in European Standardisation

Study on SMEs and the environment in the EU (October)

Evaluation of SMEs access to public procurement markets in the EU (September)

Report on EU SMEs and subcontracting (March)

Main evaluation results

The **Enterprise Europe Network** is one of the focus areas of the EIP interim evaluation completed in May 2009 and of the current EIP final evaluation. The interim CIP evaluation, completed in March 2010, demonstrated the added-value of this network. It included it as one of the measures on which EIP should further focus and recommended to further develop the feedback element of the Network activities.

The independent evaluation of the **SMEs' access to public procurement in the EU**, completed in September 2010, demonstrated that a significant proportion of the public procurement opportunities in

Europe are well within the scope of SMEs. Whilst the SMEs' access to public procurement varies from one Member States to another, in overall SMEs secure 33% of the value and 60% of the number of contracts above the thresholds fixed by the EU directives on public procurement. Medium sized companies are performing much better than small and micro companies. The evaluation showed however that there are still many barriers which discourage SMEs from responding to tenders or even lead them to avoid such opportunities altogether. The recommendations suggest steps to dismantle barriers to SMEs, to develop e-public procurement, to promote innovation in public procurement and the procurement of innovation, to encourage the exchange of experience and to improve the information base. These will feed in the review of the 'Small Business Act' for Europe as well as in the ongoing evaluation of the EU Public Procurement Directives, including the Green Paper on the modernisation of public procurement.

The independent evaluation of **Member State Procedures for Financial Reconstruction of Enterprises in financial distress**, completed in October 2010, identified procedures to help enterprises in financial distress to avoid liquidation and discharge their liabilities and restructure. The evaluation issued recommendations to tackle financial distress as early as possible. Where appropriate, Member States could support the development of procedures and practices that work on an out-of-court and voluntary basis. Where court-related involvement is essential, it would be beneficial to minimise the length of these procedures. Specialised courts can lead to more rapid processing of cases.

The results of the on-going independent interim evaluation of **the pilot project and the preparatory action Erasmus for Young Entrepreneurs** launched in December 2009 (to be completed in March 2011) will contribute to the preparation of a legal base of a possible future action programme.

Specific Objective 6: To facilitate access to finance for SMEs and innovation

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of SME receiving new financing through SMEG and GIF facilities	30.09.2010: there were 90,289 SME beneficiaries under SMEG and 135 under GIF (of which 129 were in CIP Participating countries)	315,750 SMEG beneficiaries by 2015 (based on the last CIP contracts being signed in December 2013, followed by a guarantee availability period of up to 18 months) 1,350 GIF beneficiaries by 2019 (based on the last CIP contracts being signed in December 2013, allowing up to 6 months for the VC funds to reach their 'first closing', followed by the usual investment period of 5 years)

Main policy outputs

Financial market monitoring - regular reports on the events in the world financial markets and their effect on the overall economic situation, and on financing innovation and SMEs

Review of the possible effects of regulatory changes to innovation and SME financing

Main expenditure-related outputs

Financial instruments (High Growth and Innovative SME facility, SME Guaranty facility) established under the Entrepreneurship and Innovation Programme (EIP) managed on behalf of the Commission (DG ENTR and DG ECFIN) by the European Investment Fund (EIF)

SME Finance Forum (May and September)

Study on methods to help SMEs in financial distress was published and two further access to finance studies launched, with results available in 2011

Evaluation of the effectiveness of policies aimed at facilitating the access of finance of SMEs in the Member States during the recent financial crisis (Launched in July)

Evaluation of SMEs' access to public procurement in the EU (launched in December 2009, finalised in

September 2010)		
Main evaluation results		
<p>The Financial instruments are one of the focus areas of the EIP interim evaluation completed in May 2009 and of the current EIP final evaluation. The interim CIP evaluation, completed in March 2010, demonstrated the added-value of this measure. It included it as one of the measures on which EIP should further focus and recommended to ensure better coordination with Cohesion policy funds.</p> <p>The purpose of the on-going independent evaluation of Member State Policies to facilitate access to finance for SMEs (to be finalised in July 2011) is to evaluate the functioning policies and to identify recommendations regarding one of the major challenges faced by SMEs, i.e. financing, particularly in the current financial environment where banks and other financial intermediaries are under severe pressure to ensure their solvency in terms of increasingly demanding risk evaluation criteria. The evaluation should assess the measures put in place in the Member States and provide recommendations on which programmes work best.</p>		
Specific Objective 7: To promote the operational use of EU earth observation-based services (GMES)		
Result Indicators	Latest known result	Target (mid-term)
<p>Number of GMES operational services for Earth monitoring</p> <p>1) Atmosphere monitoring</p> <p>2) Climate change monitoring in support of adaptation and mitigation policies</p> <p>3) Emergency management</p> <p>4) Land monitoring</p> <p>5) Marine environment monitoring</p> <p>6) Security</p>	<p>Five GMES precursor services (land, marine, emergency response, atmosphere and security) under development on the basis of the FP7 Space programme, as well as some downstream services. The above mentioned five large projects will end in 2011 – 2012. Follow-up projects for marine and atmosphere addressed in the FP7 Space Work Programme 2011.</p> <p>Follow-up and initial operations of Land and Emergency services are foreseen in the draft GMES Regulation Work Programme 2011.</p> <p>For climate change, work on the definition of user requirements is planned in 2011.</p>	<p>GMES service requirements consolidated and validated by Commission for operation of permanent services in six thematic areas</p> <p>2014: implementation of the items mentioned below plus gradual implementation of the services in the marine, atmosphere and climate change areas developed earlier under FP7</p> <p>2013: implementation of the services mentioned below, plus global land monitoring and support of services take up by users</p> <p>2012: implementation of pan-EU Land monitoring, rapid mapping and Early Warning on Floods</p>
Main policy outputs		
<p>Legal base for a GMES programme and its initial operations - Final adoption of the Regulation by the European Parliament and the Council on 22 September 2010 (OJ L 276/1 of 20.10.2010)</p> <p>Creation of the GMES Committee and User Forum</p> <p>Commission Decision extending the mandate of the GMES Bureau until mid-2014 and adapting the Commission-internal GMES governance</p>		
Main expenditure-related outputs		
Follow up of the GMES preparatory actions 2008 and 2009 and implementation of the preparatory		

action 2010

Various GMES activities – conferences, launch of universities network and communication actions 2010.

Urban Atlas, a digital mapping tool developed with DG REGIO was launched in 2010.

B) ABB 02 03: Internal Market for Goods and Sectoral Policies

Specific Objective 1: To continually renew existing internal market <i>acquis</i> and propose new legislative or non-legislative action whenever appropriate		
Result Indicators	Latest known result	Target (mid-term)
Progress in implementing the New Legislative Framework aiming at a smoother application of EU law	<p>2008: Adoption in co-decision of the New Legislative Framework</p> <p>Regulation 765/2008 came into application on 1/01/2010.</p> <p>Member States and Commission have to put into place the implementation infrastructures and develop common tools</p>	<p>2014: Implementation of the multi-annual programme for market surveillance</p> <p>2013: Commission report to the European Parliament on the state of implementation of the NLF and appropriate proposals for improvement. First implementation of the multi-annual programme for market surveillance.</p> <p>2012: Commission decision on a multi-annual market surveillance programme, and preparation of the <i>ex post</i> evaluation of the implementation of Regulation 765/2008 and Decision 768/2008.</p> <p>2011: Alignment of 10 New Approach Directives to the NLF</p> <p>Under Single Market Act and Industrial policy communication a multi annual market surveillance plan has to be developed in the course of 2011</p> <p>Follow revision of GPSD^{64,65} in 2011 and its effects on Regulation 765/2008</p>
Progress in implementing the DG's Multiannual Evaluation Plan as measured by the number of <i>ex post</i> evaluations carried out on legislation under	2004-2010: 9 evaluations	2011-2014: 12 evaluations

⁶⁴ These indicators refer to developments in Enterprise and Industry policy area. The Commission itself is not solely responsible for the achievement of the targets. A range of other factors outside of the control of the Commission also affects outcomes in this area.

⁶⁵ GPSD = General Product Safety Directive
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its responsibility		
Main policy outputs		
Communication on a more integrated European Standardisation System, including revision of the ICT Standardisation Policy – 2011		
Regulation on agricultural and forestry tractors – Adopted 23 July 2010 COM(2010)395 (Simplification)		
Regulation relating to the type-approval of two- or three- and four wheel motor vehicles of the L-category – adopted 4 October 2010 COM(2010)542 (Simplification)		
Proposal for a Directive to amend the Directive 2000/14/EC on noise emissions from equipment used outdoors – 2nd quarter 2011 (Simplification)		
Proposal for a Directive to amend Directive 94/25/EC relating to recreational craft – 3rd quarter 2010 (Simplification)		
Commission Directive amending Council Directives 74/152/EEC, 80/720/EEC, 86/297/EEC, 89/173/EEC and Directive 2003/37/EC of the European Parliament and of the Council relating to the type-approval of agricultural or forestry tractors – adopted 8 September 2010 C(2010)6036 (Simplification)		
Amendments to the Radio and Telecommunications Terminal Equipment Directive 1999/5/EC – 2nd quarter 2011 (Simplification)		
Proposal for a Directive to amend the Non-Road Mobile Machinery Directive 97/68/EC – 4th quarter 2011 (Simplification)		
Alignment of ten directives to the New Legislative Framework (Decision 768/2008) – 2nd quarter 2011		
Council Decision to make several UNECE Regulations on motor vehicles and their parts mandatory – adopted 15 June 2010		
Council Decision UNECE Regulation No 100 – adopted 15 June 2010		
Commission Staff Working Document on progress during 2009 at the UN Economic Commission for Europe – adopted 17 May 2010		
Directive amending flexibility regime for the emissions from agricultural tractors – adopted 27 October 2010 COM(2010)607		
Directive amending emission requirements for narrow-track tractors – adopted 13 January 2011 COM(2011)1		
Directive amending Directive 2009/43/EC of the European Parliament and the Council as regards the list of defence-related products – Commission Directive 2010/80/EU adopted 24 November 2010 C(2010)7954		
Proposal for a Regulation of the European Parliament and the Council relating to cadmium in phosphate fertilisers to increase the functioning of the internal market for phosphate fertilisers and to contribute to the overall reduction of cadmium inputs to the environment – postponed to third quarter 2011		
Proposal for a Regulation of the European Parliament and of the Council on phosphates in detergents – adopted 4 November 2010 COM(2010)597		
Commission Decision 2010/347/EU amending Decision 2004/388/EC on an Intra-Community transfer of explosives document – adopted on 19 June 2010		
Commission Recommendation on the certification of undertakings in the field of defence-related products – Commission Recommendation 2011/24/EU adopted on 11 January 2011 (C(2010)9670)		
Report on Community involvement in UNECE Vehicle Regulations activities 2009/2010 – 4 th quarter 2010		
Adoption by the European Parliament and the Council of the recast of Directive 2000/35/EC on combating late payment in commercial transactions – adopted by the EP on 20 October 2010, Council adoption scheduled on 24 January 2011		
Report on the placing on the market of replica firearms in the context of Directive 91/477/EEC on		

control of the acquisition and possession of weapons – adopted 27 July 2010 COM(2010)404

Adoption by the Council and the European Parliament of the Regulation for the replacement of 3 Textiles Directives by 1 Regulation – adopted by the EP on 18 May 2010

Adoption by the European Parliament and Council of the Construction Products Regulation – adoption still pending

Main expenditure-related outputs

Launch of 3 studies under the Eco-Design Directive – 1. Amended working plan – launched with a deadline of 15 June 2010; 2. 2012 Review; 3. Updating the MEEuP (Methodology for Ecodesign of Energy-Using Products)

Launch of 1 study: Functioning of the European chemical market after the introduction of REACH

Technical assistance and economical analysis in the field of legislation pertinent to the issue of automotive safety (Studies relative to the security of vehicles in particular: large vehicles within safety legislation phase II; and impact of head on screen in the framework of pedestrian safety)

Report by the Joint Research Centre on the assessment of new fibre names and possible technical amendment

Provision of support for the running of the standardisation organisations CEN, CENELEC and ETSI, for standardisation actions, for translation of standards and for auditing the organisations

Main evaluation results

The independent evaluation of **Regulation (EC) No 2003/2003 on fertilisers**, completed in November 2010, aimed at reviewing the legal regime applying to fertilisers in the EU in order to review the regulation and to identify and remedy to any obstacles on the internal market. The evaluation demonstrated the relevance of the Regulation and the absence of significant implementation issues. However, it questioned its effectiveness in terms of safety and environmental protection, due to the absence of provisions related to heavy metals, and in terms of innovation, due to the long procedures for the inclusion of new 'EC fertiliser' types. It also confirmed the relevance of the mutual recognition alternative for the marketing of national fertilisers not covered by regulation (EC) n° 2003/2003. However, the study confirmed that the application of mutual recognition to fertilisers represent a big challenge for competent authorities. There are fears concerning their capacity to ensure the quality of products on the market and control whether new products will meet national environmental and public safety concerns. The proposal for revising the regulation, planned in 2012, will take due account of the recommendations, in particular: include maximum levels of heavy metals, shorten the application procedures, extend the scope of the regulation to all fertilisers, liming materials and growing media.

The independent *ex post* evaluation of **directive 2009/142/EC (ex-90/396/EEC) relating to appliances burning gaseous fuel (GAD)**, to be completed in March 2011, aims at adding value to the alignment process of this early New Approach directive with the New Legislative Framework, its streamlining and a possible widening of its scope. Its conclusions and recommendation will guide further improvement of the framework conditions and contribute to a review of the GAD.

Specific Objective 2: To ensure the correct application of Community law

Result Indicators	Latest known result	Target (mid-term)
Number of "Detailed opinions" by the Commission and the Member States stating that draft national technical regulations notified by Member States (according to Directive 98/34) may create obstacles to the functioning of the Internal Market (free movement of goods or Information Society Services)	2010: 104 2009: 131 2008: 103 2007: 105	Reduction of "Detailed opinions" stating possible obstacles to the functioning of the internal market
New infringement cases for the	2010: 63	Reduction of new infringement

policy area Enterprise and Industry (including complaints, non communication cases, excluding cases transferred into ENTR by other DGs)	2009: 148 2008: 140 2007: 310 2006: 277 2005: 338	cases Targets for new infringement cases for 2012, 2013 and 2014 cannot currently be estimated due to the present transition to a new infringement data system.
Rate of national transposition of European standards (ENs in support of EU legislation & policies and other ENs)	Implementation rates reported by the three European standardisation organisations in 2009 ⁶⁶ : - ENs in support of EU legislation & policies: CEN: 93%, CENELEC: 97%, ETSI: 89%; - Other ENs: CEN: 96%, CENELEC: 96%, ETSI: 89%	Close to 100% implementation rate of European standards at national level
Chemicals (REACH Regulation with support of ECHA)		
Adoption of Commission Regulation adding chemical substances of very high concern (SVHCs) to Annex XIV of REACH	46 substances on the candidate list for substances of very high concern (December 2010) On 1 June 2009, ECHA recommended the inclusion of 7 SVHCs into Annex XIV	ECHA to continue process of updating the candidate list in 2011. Adoption of first Annex XIV with inclusion of 6 substances expected 1 st quarter 2011 ECHA recommendations for inclusion of SVHC in Annex XIV are expected by January 2011 Commission to update Annex XIV by 4 th quarter 2011
Adoption of Commission Regulations adding restrictions to Annex XVII of REACH	2 proposals made for adding new restrictions on cadmium and acrylamide (expected adoption of Commission Regulation amending Annex XVII first quarter 2011)	ECHA expected to transmit scientific opinions for 4 restriction proposals in 2011 to the Commission.
Main policy outputs		
Commission Regulation amending Annex XVII to Regulation 1907/2006 (REACH) (restrictions to dichloromethanes, on lamp oils and grill lighter fluids and on organostannic compounds) – adopted 31 March 2010 Commission Decision on the re-examination of the restriction pertaining to short-chain chlorinated paraffins (SCCPs) – adopted 20 April 2010 Directive enlarging flexibility scheme's provisions of Directive 97/68/EC (Non-road mobile machinery) – adopted on 7 July 2010 COM(2010)362		

⁶⁶ The European Committee for Standardisation (known by its French abbreviation CEN), the European Committee for Electro technical Standardisation (CENELEC), and the European Telecommunications Standards Institute (ETSI)

<p>Commission Directive on power take-offs for tractors – adopted on 15 March 2010</p> <p>Commission Decision amending Commission Decision 2004/388/EC on an intra-Community transfer of explosives document – adopted 15 June 2010</p> <p>Reactions to notifications of draft technical rules notified by Member States (Directive 98/34)</p> <p>Coordination of complaints, infringements and the application of DG ENTR's acquis</p> <p>Handling of infringement cases concerning Articles 34-36 Treaty on the Functioning of the EU (ex Articles 28-30 EC) and monitoring of the application of the Mutual Recognition Regulation and Regulation 2679/98 (“the Strawberry Regulation”)</p> <p>Guidance documents on the Mutual Recognition Regulation – 1st quarter 2010 (adopted)</p> <p>Issue opinions on the correct transposition of the Directive 88/378/EEC on the Safety of Toys Directive</p> <p>Commission Regulation for amending Annex XIII (PBT/vPvB criteria) – 1st quarter 2011</p> <p>Commission Regulation on the fees payable to the European Chemicals Agency (ECHA) pursuant to Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures – adopted on 21 May 2010</p>
<p>Main expenditure-related outputs</p>
<p>Provision of the EU subsidy to the functioning of the European Chemicals Agency (ECHA)</p> <p>Translation contract for managing Directive 98/34</p> <p>Financial support for the Technical Secretariats of Notified Bodies</p> <p>Development of an IT tool for the follow-up of standardisation mandates, maintenance of the Harmonised Standards Database (HAS) and also of the CEN standards database and promotion and information activities</p>
<p>Main evaluation results</p>
<p>The independent evaluation on the national implementation of the Machinery Directive 2006/42/EC, completed in October 2010, aimed at providing the Commission with information on the relevance and effectiveness of the implementation of the Directive, as well as at exploring possible improvements, if needed. It showed that national provisions were comprehensive in 19 Member States, whilst in another eight it was not possible to ascertain whether the provisions of the Directive were fully implemented. Alongside country-level recommendations, it was recommended that the European Commission should liaise with the competent authorities within the Member States where actual or potential gaps in the transposition of the Machinery Directive have been identified to ensure that these are addressed as soon as possible as the provisions of the Directive have been applicable since December 2009.</p> <p>The independent evaluation of the Measuring Instruments Directive (MID) completed in September 2010 shows that the MID has rather successfully provided the basis for the development of a more efficiently operating internal market through the use of a single certificate. The current situation is seen as a significant improvement in relation to the pre-MID period that had been dominated by multiple national legislations with important differences that posed important trade barriers. Based on the results of the evaluation, it is concluded that no actions towards amending basic provisions of the MID are necessary. In relation to the issues raised by the European Parliament, there is no need for action as regards the optionality principle, since there is no evidence that it has distorted competition or created two-tier markets of legal metrology instruments.</p> <p>An evaluation of the Functioning of the European chemical market after the introduction of REACH was launched in 2010, aimed at feeding into the review of the REACH regulation, planned in June 2012 (as three other specific evaluations to be launched in 2011).</p>

C) ABB 02 04: Space and Security

Specific Objective 1: To support research and the development of operational

applications in the space sector		
Result Indicators	Latest known result	Target (mid-term)
<u>FP7 contribution to Space research in general, including GMES</u>		
Number of projects generated in new topic/thematic areas through FP7 space R&D.	2010: 77 (3 rd call) 2009: 27 (2 nd call) 2008: 18 (1 st call)	2014: increase 2011: 27 projected (4 th call) (subject to evaluation results of 124 received proposals and successful conclusion of negotiations by REA)
Progress made in development of GMES space infrastructure: i.e. towards completion and launch of Sentinel 1, 2 and 3 A and B satellites	Remaining procurement contracts placed for development and construction of the satellites and ground segment. First set of preliminary and critical design reviews conducted for Satellite systems and their ground segments.	Completion of Sentinel 1, 2 and 3 A and B satellites and launch of 1, 2 and 3 A by end 2014.
Space data provision in response to service requests	Preliminary Coordinated Data Access System deployed and providing space data.	Space data provision for GMES service development and geo-information R&D activities.
Number of GMES operational services for Earth monitoring: 1) Atmosphere monitoring 2) Climate change monitoring in support of adaptation and mitigation policies 3) Emergency management 4) Land monitoring 5) Marine environment monitoring 6) Security	Five GMES services (land, marine, emergency response, atmosphere and security) under development on the basis of the 2007-2008 Work Programme. These projects will end in 2011 – 2012. Evaluation and negotiation of follow-up projects for marine and atmosphere services from call for proposals conducted in 2010.	2014: GMES services ready for operation in five thematic areas at the end of FP7 (end of commitments in 2013). 2012: Complementary R&D support of Land and Emergency services foreseen in the new Regulation on the GMES Programme and its Initial Operations 2011-2013 to be foreseen in draft 2012 Work Programme.
<u>FP 7 contribution to GNSS (Egnos and Galileo)</u>		
Number of projects funded	FP7 3rd call (2010): 50 (estimate) FP7 2nd call (2009): 50 FP7 1st call (2008): 23 FP6: 77	FP8: n.a.
Number of companies and organisations involved	FP7 3rd call (2010): 200 (estimate) FP7 2nd call (2009): 166 FP7 1st call (2008): 119	FP8: n.a.

	FP6: 428	
Amount spent by EC + amount put in by industry (EUR mio)	FP7 3rd call (2010e): 30.5 + 25.0 FP7 2nd call (2009): 27.1 + 14.2 FP7 1st call (2008): 19.4 + 9.4 FP6: 110 + 60	FP8: n.a.
Share of SME participation	FP7 3rd call (2010): 45% (estimate) FP7 2nd call (2009): 37% FP7 1st call (2008): 50% FP6: 33%	FP8: n.a.
Main policy outputs		
<p>Communication on the future involvement of the European Union in space – this was integrated into the Communication on Industrial Policy adopted on 28 October 2010</p> <p>Organisation of Workshops on exploring potential collaboration with the US on Space and Climate Change and on Commercial Infrastructure Protection</p> <p>Shanghai Expo 2010 targeted thematic event on international cooperation in space research - In line with the World Expo 2010 theme 'Better cities, better life', this conference focused on how space research further enhanced climate monitoring and better air quality, contributing to the development of better and more sustainable cities. Possibilities for enhancing EU-China space research cooperation in Earth Observation and Space Science in view of the publication in July 2010 of the 4th call for proposals under the EU's Seventh Framework Programme was explored.</p>		
Main expenditure-related outputs		
<p>4th call for proposals (July 2010, €99 million)</p> <p>Commitment of budget to the projects of the 3rd call for proposals under the 7th Research Framework Programme (FP7) in the areas of:</p> <ul style="list-style-type: none"> - Space-based applications at the service of European Society (stimulating the development of downstream GMES services; Monitoring of climate change issues; Integration of SatCom/SatNav with GMES for prevention and management of emergencies) - Strengthening of Space foundations (space exploration; space technologies; Support to new EU Member States/Associated States) - Cross-cutting activities (International Cooperation; European Space Policy Studies) <p>Launch of the 3rd FP7 call for proposals (July 2010, €30.5 million) in the area of Galileo/EGNOS</p> <p>2nd EU-ESA International Conference on Human Space Exploration</p> <p>Study on the future EU activities in space</p> <p>Study: Space Exploration - a boost for inspiration and education?</p> <p>CBA study supporting the IA for the GMES Regulation covering the next MFF</p> <p>Contribution to the GMES Space Infrastructure Component under the ESA delegation agreement</p> <p>Conferences on space during the Spanish EU Presidency (March and May)</p> <p>Conference on space and the African citizen under the Belgian EU Presidency</p>		
Main evaluation results		
<p>The independent interim evaluation of FP7 space research activities, completed in December 2010, concluded that there is a clear EU added value and strong coherence with key EU policies including</p>		

emergency response and crisis management, environment, climate-change and independent European access to space. It concluded furthermore that FP7 is effective in supporting the competitiveness of the European space industry. The recommendations will guide the further implementation of those activities under FP7 and the preparation of FP8, in particular in the areas of clarifying the relationship between FP7 funded GMES projects and activities in the GMES programme (outside FP7), further developing the coordination of and synergies between EU FP7 and activities of ESA and other agencies, facilitating the participation of SMEs and effectively simplifying and streamlining programme management (including reduction of Time-to-Grant). It is also intended to examine the monitoring indicators proposed in order to systematise their use.

Specific Objective 2: To support research and the development of operational applications in the security sector		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of new technologies/services/databases being developed by the security research projects	The European Security Research Advisory Board (ESRAB) has defined 176 technologies/services to be developed under the FP7 security programme. Out of the technologies listed by ESRAB, we are currently developing around 50% out of these.	By 2013, increase the number of outputs integrated in new technologies or services to 100%, i.e. covering all technologies/services listed by ESRAB.
Patents	2010: Developed: 6 Registered: 3	
Proportion of SME participants among the R&D projects supported	2010: 20,6% 2009: 19%	2013: 25%
Main policy outputs		
Reinforced links with the European Defence Agency, notably in the field of dual technologies via the European Framework Cooperation (EFC)		
Main expenditure-related outputs		
4 th call for proposals (July 2010, € 220 million)		
Commitment of budget to the projects of the 3 rd call for proposals under the 7 th Research Framework Programme (FP7) in the areas of		
<ul style="list-style-type: none"> - security of citizens (technology solutions for civil protection, bio-security, protection against crime and terrorism) - security of infrastructures and utilities (examining/securing infrastructures regarding ICT, transport, energy and services in the financial and administrative domain) - intelligent surveillance and border security (technologies, equipment, tools and methods for protecting Europe's border controls such as land and coastal borders) - restoring security and safety in case of crisis (technologies and communication, co-ordination in support for civil, humanitarian and rescue tasks) - security and society (acceptance of security solutions, socio-economic, political and cultural aspects of security, ethics and values, social environment and perceptions of security) - security research co-ordination and structuring (co-ordination between European and international security research efforts in the areas of civil, security and defence research) 		
Organisation of the European Security Research Conference - SRC '10 under the Belgian EU		

Presidency in September 2010 Call for tender 'State of the art of standardisation and certification in the Security domain'
Main evaluation results
An interim evaluation of the mid term FP7 security research activities and an ex post evaluation of the security research preparatory action (PASR) were finalised in December 2010. The study demonstrates the strong coherence with key EU policies, addressing as well a clear gap in the EU, as only a few Member States have established their own security research programmes. Conclusions will guide the further implementation of those activities under FP7 and the preparation of FP8. There has been a strong level of participation and funding (>20%) by SMEs, and the activities have been an important route to market for SMEs, in the face of fragmented market conditions. PASR played a central role in laying the basis for a full FP7 Security theme and strengthened the Commission's institutional capacity to implement security research. The FP7 Security theme has been reinforcing the industrial competitiveness, establishing durable links with security research end users (first responders, police, border control, civil protection) and has significantly promoted EU research excellence. New technologies have been developed, innovation has been promoted and progress has also been made towards greater harmonisation, interoperability and the development of future certification or standardisation processes. The FP7 Security theme has made a significant impact in bringing suppliers of security solutions, products and services together with users. Finally, the societal dimension in security research has significantly increased in order to respond to the expressed needs of citizens and society.

D) ABB 02 05: EU Satellite Navigation Programmes

Specific Objective 1: To provide satellite-based services improving the performance of GPS over Europe (EGNOS)		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
A) EGNOS services		
Open service [OS] ⁶⁷	Since 2009: Operational	
Safety of Life Service [SOL] ⁶⁸	2010: Certification in preparation	2011: Operational
Commercial Data Distribution Service [CDDS] ⁶⁹	2010: Free testing	2012: Operational
B) EGNOS geographical coverage extension		
Number of ranging and Integrity Monitoring Stations (RIMS) deployed deployed and qualified	2010: 39 (+2) 2010: 37	2014: 44 2014: 41

⁶⁷ The Open Service (OS) is defined for mass-market applications. It provides signals for timing and positioning, free of direct user charge. The Open Service is accessible to any user equipped with a receiver, with no authorisation required.

⁶⁸ The *Safety-of-Life Service* (SoL) improves the open service performance through the provision of timely warnings to the user when it fails to meet certain margins of accuracy (integrity). It is envisaged that a service guarantee will be provided for this service.

⁶⁹ The Commercial Service (CS) is aimed at market applications requiring higher performance than offered by the Open Service. It provides added value services on payment of a fee. CS is based on adding two signals to the open access signals.

Main policy outputs		
Definition of future EGNOS Pricing Policy applicable beyond 2013 (OS and SOL are free of charge up to end 2013)		
Policy for Declaration of EGNOS programme for long term (up to 2030) subject to funds		
Decision of procurement procedure of Operator contract post 2013 (renewal or open competition) and if open competition, launch a plan/ITT in 2010		
Definition of EGNOS Industrial policy procurement applicable for version V3 in 2012 (single source or open competition)		
Main expenditure-related outputs		
Extension of the contract with ESA to develop improved version of the system EGNOS		
Support to EGNOS Certification process (3 studies)		
Study on the optimisation of EGNOS operational costs		
Maintenance and evolution of NOTAM (Notice to Airmen) tools to predict EGNOS unavailability of service		
Specific Objective 2: To develop and provide global satellite-based radio navigation infrastructures and services (Galileo)		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
<u>A) Galileo infrastructure</u>		
Cumulative number of launched satellites (IOV ⁷⁰ +IOC satellites)	Two experimental satellites were launched in 2005 and 2008	2014: 18 2013: 14 2012: 6 2011: 2
Number of operational satellites		2014: 18 (OSSR ⁷¹ 3) 2013: 12 (OSSR 2) 2012: 6 (IOV-R and OSSR 1)
<u>B) Galileo services</u>		
Open Service [OS]		2014/2015: early service
Search and Rescue Service [SAR]		2014/2015: early service
Public Regulated Service [PRS]		2014/2015: early service
Commercial Service [CS]		2014/2015: testing capability
Safety-of-Life Service [SOL]		to be defined
Main policy outputs		
Legislative proposal on access to Public Regulated Services of Galileo – adopted 8 October 2010 COM(2010)550		
Communication on GNSS Applications Action Plan – adopted 14 June 2010 COM(2010)308		
Report on the mid-term review of the European satellite navigation programmes – adopted 18 January 2011 COM(2011)5		

⁷⁰ IOV = In Orbit Validation, IOC = Initial Operational Capability

⁷¹ OSRR= Operational System Readiness Review

Main expenditure-related outputs

Early in 2010, the Commission and ESA signed contracts for three of six work packages, including for support to ESA throughout implementation, up to and including system specifications, performance analysis, testing, verification and validation of all elements of the infrastructure, as well as for the procurement of 14 satellites and 5 Soyuz launchers.

Moreover, another contract was signed in October 2010 related to operations of the infrastructure and more precisely for supply of in-orbit (IOT) services, the operational and logistics services necessary to manage the Galileo constellation and mission and the launch and early orbit phase (LEOP) services.

Study on the competitiveness of the GNSS-based industry

Study on the definition of services centres

Frequency compatibility analysis tools

Launch of two calls for proposals: Support to international activities: Information, Training and Assistance Centres and Galileo/EGNOS Prize Award Scheme

E) ABB 02 01: Administrative support, policy strategy and coordination**Main operational performance indicators**

See annexes 11 and 12

Main evaluation resultsObjectives and Indicators in the Management Plan (ABB 02.01)

Improving the effectiveness and efficiency of Policy strategy and co-ordination was the main objective of the independent evaluation of the quality of the objectives and indicators of ENTR Management finalised in October 2010, which provided for a thorough assessment of the relevance and usefulness of the objectives and indicators in the DG's Management Plan and made recommendations on their improvement. The main weakness identified lies in the formulation of Specific Objectives, which in most cases are not sufficiently specific and do not cover all significant actions of the DG. On the basis of the evaluation's recommendations, the specific objectives have undergone an initial review in the context of the present document (activity statement for the draft budget 2012). The latest new ENTR Management Plan incorporates reformulated objectives and indicators.

Objectives and Indicators of the CIP and EIP programmes (ABB 02.02)

The EIP and CIP have undergone interim evaluations (respectively completed in May 2009 and March 2010) and are subject to final evaluations (to be completed respectively in March and December 2011). The interim evaluation of the CIP concluded that the added value of the framework-programme lies in its leverage effect through the following processes: trans-European collaboration, interaction and cooperation between various partners; European exchange of know-how, best practices and ideas, mutual learning not just across the country border but also involving various organisation types; creating integration and providing the opportunity to become embedded in the European landscape, to find international partners – this is particularly important for new Member States; creating the possibility to enter new markets - international collaboration enhances visibility of businesses and creates opportunities for them to enter new markets; providing the opportunity to find additional funding and collaborative partners internationally. Regarding the EIP, the evaluation underlined the European added value of financial instruments, the Enterprise Europe Network, mutual policy learning and eco-innovation market replication projects.

Based on the independent evaluation of the Indicators of the Entrepreneurship and Innovation Programme, finalised in February 2010, a revised set of monitoring and evaluation indicators was developed in the context of the programme management in order to provide for a clearer assessment of performance against the declared objectives. This revision took also due account of the evaluation recommendation for a certain amount of stability in the indicator system to facilitate comparisons

across the different time periods during which a policy is pursued. The emphasis in the new indicator set is shifted towards results and longer-term outcomes as opposed to outputs.

ANNEX 14: DG ENTR's 2010 Commission Work Programme items

A) Strategic items

	Adopted
Communication on Innovation Union	6 October 2010
Communication on "An Industrial Policy for the Globalised Era"	28 October 2010

B) Other items

	Adopted
Communication – A European strategy on clean and energy efficient vehicles	28 April 2010
Communication on GNSS Applications Action Plan	14 June 2010
Communication on the renewed EU Tourism Policy Framework;	30 June 2010
Legislative proposal on access to Public Regulated Services of Galileo	8 October 2010
Report on the mid-term review of the European satellite navigation programmes	18 January 2011
Communication on the future involvement of the European Union in Space	Cancelled and integrated in the Industrial Policy Communication of 28 October 2010
Communication on raw materials	2 February 2011
Communication: a midterm review of the Small Business Act (SBA) for Europe	23 February 2011

C) Simplification items

	Adopted
Regulation on agricultural and forestry tractors	23 July 2010
Commission Directive amending Directives relating to the type-approval of agricultural or forestry tractors	8 September 2010
Regulation relating to the type-approval of two- or three- and four-wheel motor vehicles of the L-category	4 October 2010
Proposal for a Directive to amend the Non-Road Mobile Machinery Directive 97/68/EC	Postponed to 1 st Quarter 2011
Proposal for a Directive to amend Directive 94/25/EC relating to recreational craft	Postponed to 2 nd Quarter 2011
Proposal for a Directive to amend the Directive 2000/14/EC on noise emissions from equipment used outdoors	Postponed to 2 nd Quarter 2011
Amendments to RTTE Directive 1999/5/EC (Radio and Telecommunications Terminal Equipment)	Postponed to 2 nd Quarter 2011

