

Directorate General Energy and Transport

Evaluation of the first three years of
operation of the Executive Agency for
Competitiveness and Innovation – (ex-
Intelligent Energy Executive Agency)

Final Report

Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation – (ex-Intelligent Energy Executive Agency)

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Abbreviations used

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| AWP | Annual Work Programme |
| AAR | Annual Activity Report |
| BUDG | Budget |
| CBA | Cost-benefit analysis |
| CIP | Competitiveness and Innovation Programme |
| DG | Directorate-General (of the European Commission) |
| EACI | Executive Agency for Competitiveness and Innovation |
| ENTR | Enterprise and Industry |
| ENV | Environment |
| FO | Financial Officer |
| IEEA | Intelligent Energy Executive Agency |
| MP | Marco Polo |
| PO | Project Officer |
| SC | Steering Committee |
| SG | Secretariat General |
| TREN | Transport and Energy |

1. EXECUTIVE SUMMARY AND KEY FINDINGS AND RECOMMENDATIONS

1.1. Executive summary

This section presents the executive summary of the evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation – (ex-Intelligent Energy Executive Agency). The executive summary describes the scope and methodology of the evaluation and provides an overview of the main conclusions.

The evaluation started on 3 September 2008 and the final report was submitted to the Steering Group on 16 December 2008.

The evaluation timeframe covered the first three years of operation of the IEEA/EACI. It means that the evaluation covered the period from July 2005 until July 2008. According to the specifications issued by the European Commission's Directorate General for Energy and Transport (DG TREN), the evaluation included two tasks:

- The assessment of the relevance, effectiveness, efficiency and other impacts of the EACI (ex-IEEA) by responding to specific evaluation questions;
- A Cost-Benefit Analysis (CBA) according to a set of predefined factors.

The evaluation study focused both on qualitative and quantitative indicators. All collected indicators were presented in an analytical framework that was agreed upon in the Steering Group of the evaluation.

The sources for qualitative information were desk research, 17 interviews with the Commission and EACI officials and to some extent, the online surveys.

The sources for quantitative information were:

- Four web-based survey towards:
 - The project coordinators of the IEE I programme: response rate 46%, 208 replies received;
 - The National Contact Points of the IEE I programme: response rate 45%, 18 replies received;
 - The Marco Polo project lead partners: response rate 60%, 43 replies received;
 - The eco innovation pilot and market replication projects proposers: response rate 59%, 79 replies received.
- Existing data reported by the EACI and the Commission and by other Executive Agencies.

At the end of the data collection phase, a workshop was organised between the evaluators and the EACI management in order to firstly, discuss certain issues that the evaluators brought forward and secondly, to present the outcome of the survey to the beneficiaries.

The main limit to the evaluation was the difficulty to collect quantitative information for certain indicators. For the evaluation questions and the Cost-Benefit Analysis, a qualitative approach provided however, useful information. Nevertheless, this approach means that certain cost benefit factors were not quantified.

For each the evaluation questions and the Cost-Benefit Analysis, we make the following conclusions.

To what extent are the elements of the Agency's framework complementary, mutually supportive and non-contradictory?

The objectives and tasks set up in the Agency's legal framework were complementary, mutually supportive, and generally non-contradictory.

Overall, the set-up was correct. The meaning of certain elements in the legal framework were originally unclear, however they were solved during the course of previous years.

There are questions on the relevance of the *ad personam* appointment of the Steering Committee members and there was a need expressed to clarify when the Steering Committee and the Commission Directorates General (DGs) were taking up their role as supervising body and when as management body.

To what extent is the division of responsibilities and tasks between the Agency and the Commission clear and appropriate? Are there any overlaps with the Commission of tasks or any other issues that may have a negative influence on effectiveness and efficiency?

The tasks definition between the Agency and the Commission was clear and to some extent satisfied both the Commission and the EACI. Nevertheless, there are still some responsibilities to could be more detailed to ensure the maximal effectiveness and efficiency of the Agency. For many activities, either in the implementation of the programmes (projects) or in the communication activities to the external world, the EACI was associated to the Commission. This was positive to ensure a coherent approach but it made the relation and the definition of responsibilities complex.

Moreover, there were different positions among the DGs concerning their involvement in the Agency's activities. The Agency had to develop specific procedures and to implement different requirements according to the DGs with which it was working. This created different service levels and could lead to efficiency losses.

To what extent are the resources allocated to the Agency appropriate and sufficient in view of the objectives and tasks allocated to it?

Overall, the Agency's resources were appropriate to achieve its objectives and to realise its tasks. About the adequacy between the agency resources and the achievement of their tasks, the following conclusions can be drawn:

- The number of EACI human resources to perform the Agency tasks were appropriate in quality and quantity but the workload and the turnover were significant;
- The administrative budget was adequate. As the Agency did not face major obstacles and returned part of its subsidies, it can be stated that its administrative budget fits to its tasks;
- The structure of the Agency with a Resources Unit and different Operational Units is adequate.

To what extent is the framework of the Agency relevant and appropriate in view of satisfying the needs of the beneficiaries?

Considering the framework (financial, HR, regulatory...) of the Agency, the Agency was able to adapt its own structure and mechanisms in order to satisfy the needs of the beneficiaries. The Agency has developed continuous processes to adapt itself via simplification analysis and constant listening to the beneficiaries.

Until the time of the evaluation, the Agency was constantly growing due to the transitional period that followed the transformation of the Agency in 2007. It created sometimes misunderstanding for the beneficiaries that were not always aware of these changes.

Even if beneficiaries are very satisfied by the Agency's services, some of their expectations towards the Agency were sometimes very high. However, the Agency is in that context limited by its available staff and the own rules requested by the Commission. Moreover, the Agency has to execute the programme and not to assist the project in their daily management.

To what extent do the actual operations of the Agency correspond to the elements defined in the Act of Delegation?

The Agency has gradually taken charge of most of its prescribed tasks and all operations of the Agency corresponded with the elements defined in the Act of Delegation.

To what extent has the Agency achieved the objectives set out in its work programme and the Work Programme of the Programmes?

The Agency succeeded in reaching the objectives defined in its Work Programmes. Some annual objectives were fully achieved later than foreseen due to delays in competence or budget transfer from the Commission to the Agency, but generally it did not impede the Agency's (and consequently, programmes) functioning. The Agency had also to implement the EC standard and DGs legacy (e.g. different management approaches, procedures, payment delays). Several of them are considered burdensome and time-consuming by the Agency.

Over the years, the Work Programmes integrated additional objectives. The increasing number of parent-DGs (Directorates General for Transport and Energy (DG TREN), for Enterprise and Industry (DG ENTR) and Environment (DG ENV)) had a direct impact on this phenomenon. Creation of synergies and close coordination with parent-DGs were typically new objectives as some parent-DGs were expecting regular communication with them and between them with the Agency's support. The Agency has put in place communication procedures and investigated potential synergies between the programmes. The high level of coordination that was needed, especially for cooperation with the new parent-DGs, will normally decrease with time when the new programmes/projects will become more routine.

To what extent has the establishment of the Agency led to better managed and improved services to the beneficiaries and the Commission, in terms of overall quality, timeliness, accuracy, and transparency, compared to the situation before the Agency took over the responsibility of delivery? Any unexpected benefits or negative issues to be distinguished?

For each of the elements (quality, timeliness, accuracy and transparency) the judgement by the beneficiaries of the different programmes was positive and many of the indicators show that the EACI has been a high performing Agency in its service towards the final beneficiaries for the past three years.

The Commission DGs were also positive towards the quality of the human resources and the timeliness of the reporting from the EACI in the past years.

In more detail, we can conclude:

- For the quality of the EACI's service:
 - The Agency delivered professional service and both the Financial Officers (FO's) and Project Officers (POs) were appreciated for their knowledge. Although sometimes detailed sectoral and country specific thematic knowledge was missing but this was generally understood by the beneficiaries;
 - The presence of the EACI Financial Officers or Project Officers 'on the field' had a positive impact on the perception of the quality of the EACI's services.
- For the timeliness of the EACI's service:
 - Overall the availability of the staff was much appreciated, however, beneficiaries sometimes got the impression that the EACI's Project Officers or Financial Officers were overloaded with work;
 - Although the Agency managed to pay 85% of its beneficiaries on time, it meant that on average 15% of the payments did not occur within 45 days following approval by the Agency of the beneficiaries' reports as specified in the grant agreement (figures January – September 2008).
- For the accuracy of the EACI's service:
 - The "implementing your project" tools on the website, the call texts, Guide for proposers and the online submission tool EPSS were according to the beneficiaries of a good quality and easy to use/understand.
- For the transparency of the EACI's service:

- The proposal and negotiation phase were clear and transparent for the beneficiaries with clear communication from the EACI towards them;
- The negotiation and proposal phase took much effort from the beneficiaries, which represented a cost that was not eligible within the project budget;
- The effort for reporting was, according to the beneficiaries, of an acceptable level and generally understood and considered necessary.

To what extent has the Agency been able to create and exploit synergies, simplifications and economies of scale in the management of the different programmes and thus increase efficiency?

Based on quantitative information on the number of horizontal staff, the EACI attain economies of scale in the administration of the Agency and in part of the implementation of the Project Management Cycle.

Based on qualitative information the Agency had adopted a clear focus on achieving synergies and simplifications. The main driver for this was the structure of the Agency with one director being responsible for the management of all programmes.

With regard to the support of the Commission, we identify both organisational and administrative challenges that limit the Commission's capabilities to enable the creation of Programme synergies. However, it was still early in the transition period and we identified evidence of current Commission good will and initiatives.

To what extent has the outsourcing of management tasks – allowing the Commission to further focus on its institutional tasks – put the Commission in a better position to contribute to the effectiveness of the programmes covered by the Agency?

The outsourcing of management tasks enabled the Commission officials to free up time to focus on institutional tasks. However, due to the decreased number of Commission officials working in the Units in charge of the outsourced programmes/networks the improved position to contribute to the effectiveness of the programmes covered by the Agency has to be moderated.

Also, and only for the IEE programme, the enlargement of the scope of the Agency decreased the informal information channels which would have had a decreasing impact on the capability of the Commission officials to contribute to the effectiveness of the programme as they are further from the projects than in the past.

To what extent do the monitoring arrangements with the Agency provide sufficient support to the Commission in the pursuit of its tasks and drawing political conclusions?

The monitoring arrangements for the management of the Agency and the Programmes allowed the DGs a sufficient support to follow up on the Agency's management.

However, the parent DG of the Intelligent Energy Europe Programme faced difficulties to draw political conclusion and to maintain a high level of know-how within its Units. The main reason identified was that the enlargement of the scope of the Agency caused a decrease in the number of informal contacts which previously provided the necessary feedback which cannot easily be replaced by a paper/document reporting.

To what extent do the Agency's internal organisation and procedures contribute to the effectiveness and efficiency of its operations?

The EACI is mainly responsible for the management of outsourced Community programmes. The clear focus in these allocated tasks has put the Agency in a position to organise itself effectively and efficiently.

Over the years, the EACI adopted clear management processes while making use of the systems offered by the Commission services. One of the limits to a more effective and efficient organisation was the lack of IT resources and the encountered problems with the different IT systems (PMS and ABAC).

With regard to financial processes, there was a clear focus to simplify procedures based on a thorough risk analysis whilst taking into account the Financial Regulation, its implementing rules as well as the Commission's internal rules and DG Budget's (BUDG) guidelines.

The Agency's human resources management has only recently adopted a career development report for a large part of its staff (Contract agents) who suffers from lack of promotion possibilities and differences in statutes.

To what extent are there appropriate procedures and mechanisms in place for a smooth and efficient interaction of the different actors and bodies concerned by and involved in the management and operations of the Agency (e.g. the Commission Services and the Steering Committee of the Agency)?

The mechanisms in place between the Steering Committee and the Agency were working well to the satisfaction of both stakeholders. Between the Steering Committee Members and their respective Directorates General different mechanisms and procedures were in place, which deliver different results in terms of smoothness and efficiency. Between the Commission DGs and the Director of the Agency, the procedures and mechanisms were appropriate and besides these, there was a high availability for informal communication.

To what extent has the Agency acquired and developed the required expertise and know-how to carry out its tasks efficiently and effectively?

The Agency acquired and developed the required expertise and know-how to carry out its tasks efficiently and effectively in the past years and the Agency was involved in acquiring them for the newly adopted programmes.

However, we identified some challenges that risk compromising the Agency's capabilities to carry out its tasks efficiently and effectively: long hiring time for FOs and POs, high workload and FOs turnover of 25%.

To what extent has a greater stability of the staff situation been achieved in the Agency compared to previous arrangement?

Based on qualitative data collected via interviews, the estimated turnover rate for the contractual agents at the EACI was higher than the turnover rate of the Commission officials managing the programmes in the previous arrangement.

Nevertheless, the turnover of contract agents in the Agency is not comparable to the turnover of contract agents in the Commission due to the different contract durations. Due to different contract durations, the turnover of Commission officials is not comparable to the turnover of contract staff at the Agency either.

To what extent have the activities of the Agency resulted in any unintended/unplanned results and impacts (both desirable and undesirable)?

The creation of the Agency as a separate legal entity made the relationship between the Commission services and the EACI complex. At the beginning of the set-up phase, the Agency faced some obstacles to use the Commission services in an optimal way.

The creation of an Executive Agency increased to some extent the European added value of the programmes because the Agency's activities were focused on the good implementation of the projects and on the dissemination of the results.

How visible is the Community as responsible for the programme?

The collected data showed that the Community is clearly visible as responsible for the programme.

Cost Benefit Analysis

The analysis strongly suggests that the decision to externalise these activities to an external agency has resulted in significant savings to the Community budget (estimated at between €5.1 million to €13.7 million) as compared to the hypothetical scenario where these activities continued to be provided 'in-house' within the Commission DGs, or where the implementation of the activities was split between the Commission DGs and the external agency.

The analysis of possible intangible costs and benefits generally affirms the central conclusion of the tangible assessment that the decision to create the EACI has resulted in net benefits to the Community. A majority of respondents to the survey were, on average, generally favourable in their responses as to the benefits associated with the establishment of the EACI relative to when the activities were undertaken by the Commission DGs. Across the indicators examined, only a small number of respondents perceived that various aspects of the activities were better implemented by the Commission DGs than by the EACI, and in most cases these respondents were typically involved with the relatively new Marco Polo programmes rather than the IEE programme.

However, there are some intangible disbenefits that were identified in the assessment. In particular, a large number of respondents observed that the reporting requirements at the EACI are not less burdensome than the Commission DGs, and, in addition that grant agreements are as, if not more, rigid than when the grants were administered by the Commission DGs.

In summary, therefore, the conclusion of the CBA suggests that the decision to establish the EACI was a sound decision on the basis of an assessment of both tangible and intangible indicators.

1.2. Key findings and recommendations report

The legal framework and the Memoranda of Understanding give an appropriate framework for the Agency functioning but leave space for overlaps and uncertainties. The framework and the memoranda are also interpreted differently by the DGs which make them impose different service levels to the Agency.

The Agency reached the objectives defined in its Work Programmes. Some objectives were achieved in full later than foreseen but this did not have a significant impact on the Agency's effectiveness.

Overall, the Agency's resources are appropriate to achieve its objectives and to realise its tasks. The administrative budget is adequate as it has increased with the integration of respective parts of the EIP and the Marco Polo programme. The quantity and the quality of the staff, which is considered as very high, are adequate. However, challenges in terms of long hiring time for Financial Officers (FOs) and Project Officers (POs), high workload, difficulties to find IT resources (and IT system problems) and a turnover of estimated 16% (25% for FOs and 11% for POs) risk to compromise the Agency's capabilities. The structure of the Agency – horizontal unit and operational unit – is adequate.

The governance arrangement of the Steering Committee is efficient thanks to its small size.

The Agency was effective in delivering high quality service of the managed programmes towards the final beneficiaries and towards the Commission DGs. Both the quality of the Agency's staff as well as the problem solving capacity contributed to this effectiveness.

The Agency was overall effective in the timeliness of its service. However, some beneficiaries experienced delays in replies and assumed this was because of the high workload at the Agency. From the beginning, payment delays were an important concern for the EACI that focused on decreasing the payment time.

The Agency was effective in delivering an accurate and transparent service. However, even if the beneficiaries considered the reporting effort as of an acceptable level, it remained a time consuming exercise.

The Agency managed to create synergies, simplifications and economies of scale in the management of the different programmes and increased its efficiency. The manual on the contractual and financial procedures was updated in December 2007 with specificities of the new programmes and networks. Further harmonisation and specific horizontal services (communication) could take up a more prominent role to enable the creation of synergies.

The creation of the Agency allowed the Commission DGs to focus on institutional tasks but because of the reduced number of resources at the Commission DGs, the Commission Officials' contribution to the effectiveness of the programmes, for example, via targeted changes in the Work Programmes or via contributions of projects outputs to the policy, was moderated. Moreover, specifically for the IEE programme, the enlargement of the tasks of the Agency decreased the informal information channels that decreased the Commission DGs capabilities to contribute to the effectiveness of the programme or to draw political conclusions due to the increasing distance between the Commission officials and the project reality.

The Community is visible as responsible for the programmes/projects managed by EACI.

The cost benefit analysis suggested that the externalisation of activities to an external agency resulted in savings to the Community budget as compared to the scenario where these activities continued to be provided within the Commission DGs, or where the implementation of the activities was split between the Commission DGs and an external agency.

The analysis of possible intangible costs and benefits generally strengthens the central conclusion of the tangible assessment that the decision to create the EACI has resulted in net benefits to the Community. Across the indicators examined, only a small number of respondents perceived that the Commission DGs better implemented some activities than the EACI.

There are some intangible disbenefits that were identified in the assessment. In particular, a large number of respondents observed that the reporting requirements at the EACI are not less burdensome than the Commission DGs, and, in addition, that grant agreements are as, if not more, rigid than when the grants were administered by the Commission DGs. In addition, the analysis showed that the parent DG of the Intelligent Energy Europe Programme faced difficulties to draw political conclusion and to maintain a high level of know how within its DG.

We therefore RECOMMEND that the EACI:

- put in place a monitoring system to proactively define its human and financial resources necessary to manage the Agency and its activities in the coming years;
- put in place a matrix structure (instead of pyramidal structure) which reinforces the role of the Resources Unit for the following horizontal activities: communication on the programmes, coordination of the Financial Officers and financial issue resolution, human resources management;

- continue its current efforts to simplify administrative procedures based on a thorough risk analysis and with the support of the Commission DGs;
- communicate to the beneficiaries throughout the life cycle of a project the project management structure (first line contact and back up procedures);
- communicate clearly to the programmes' beneficiaries on what has changed compared to previous calls for proposals;
- further optimise the use of the Intelligent Energy Europe National Contact points to enable them to effectively assist the applicants;
- maintain its clear focus on financial process simplifications and improved IT support/infrastructure to decrease the number and length of the payment delays to final beneficiaries;
- provide specific assistance to first time proposers;
- collaborate with the Commission to decrease the length of the project management cycle that relies on the responsibility of both parties;
- look at the possibility to start using online reporting tools for the beneficiaries to report to the EACI;
- update its manual on the contractual and financial procedures by using administrative simplification methods such as the Standard Cost Model;
- investigate with the support of DG BUDG the use of an interface between ABAC and the EACI's Project Management System;
- develop a clear and transparent talent and retention strategy with the support of the Commission Services.

We therefore RECOMMEND that the COMMISSION:

- maintain the legal framework of the Executive Agency for Competitiveness and Innovation including the objectives the EACI has to achieve and the tasks it has to realise;
- define more precisely in the Memorandum of Understanding or any other adequate agreement, the DGs level of involvement in the activities of the EACI with respect of the Agency's autonomy as defined in the Act of Delegation;
- create one specific budget line to finance the entire administrative budget of the Agency to allow organisational synergies between the Agency Unit;
- maintain the Agency as responsible for the management of the current programmes and projects;
- allow the EACI in exceptional cases to recruit Agency Contract Agents without making use of the EPSO database (European Personnel Selection Office).

We therefore RECOMMEND that the COMMISSION and the EACI:

- further investigate the future synergies at Commission level regarding priorities of the programmes and network managed by the EACI on the one hand and at EACI level for management and simplification of common procedures for programmes and network on the other hand;
- improve the transparency of the information available in the Agency and the Commission:
 - To organise, where not yet in place, regular meetings with desk officers and project officers to exchange information on project results and outcomes and policy issues;
 - To mutually inform on the roles and responsibilities of all staff members;
 - To optimise the use of IT solutions to share information;

We therefore RECOMMEND that the STEERING COMMITTEE:

- should be mainly composed with members according to their function and not ad personam;
- continue to use the support of the Commission's Head of Units in the execution of their management tasks.

2. INTRODUCTION

2.1. Structure of the report

The European Commission mandated Deloitte for conducting the Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation (EACI) – (ex-Intelligent Energy Executive Agency (IEEA)) in the context of the multiple framework services contract with re-opened competition for Impact Assessments and Evaluations with DG Transport and Energy (TREN).

This Draft Final report presents:

- an overall description of the context of the Agency (Section 2.2);
- A description of the methodology used during this evaluation study, which includes the analytical framework, the overall planning of the evaluation and difficulties encountered and limitations (Section 3);
- The findings and conclusions relative to the relevance, effectiveness, the efficiency and other impacts of the EACI activities and the Cost-Benefit Analysis as well (Section 4);
- The conclusions and recommendations based on the individual conclusion of each evaluation question (Section 5);
- The annexes.

2.2. Context of the EACI

The Establishment and first years of the Agency

The Agency was originally created as the Intelligent Energy Executive Agency (IEEA) on 23 December 2003¹ mainly to improve the management of the Intelligent Energy for Europe (IEE) programme². The IEE programme was the successor to the Energy Framework Programme-EFP (1998-2002), and was structured in four specific fields:

- **SAVE**, to promote energy efficiency (EE) and rational use of energy (RUE), in particular in the building and industry sectors;
- **ALTENER**, to promote the use of renewable energy sources (RES) for centralized and decentralized production of electricity and heat;
- **STEER**, to support initiatives relating to all energy aspects of transport;
- **COOPENER**, to promote RES and EE in developing countries, in particular in Africa, Asia, Latin America and the Pacific.

Initially, these programmes were centrally managed by the Directorate-General for Energy and Transport (DG TREN) of the European Commission. However, from 2005³, the IEEA became responsible for implementing, as authorizing officer by delegation, the appropriations entered in the Community budget lines covering the IEE programme, within the limits of the amounts indicated in its annual work programmes.

The Agency thus became the first Executive Agency established by the European Commission. At present there are other executive agencies such as the EACEA (Education, Audiovisual & Culture), the REA (Research Executive Agency (REA) or the TEN-T EA (Transeuropean Transport Network Executive Agency). An Executive Agency is a Community body with a public service role⁴. The Commission may entrust these agencies with any tasks required to implement a Community programme, with the exception of tasks requiring discretionary powers in translating political choices into action which are still responsibility of the parent DG.

Following the guidelines set by the Commission, the IEEA performed the main implementation tasks for the IEE programme, such as:

- Project cycle management (PCM) relating to the IEE programme;
- Dissemination and communication activities;
- Analyzing and transmitting to the Commission all information required to guide implementation of the IEE program;
- Preparing recommendations for the Commission on implementation of the IEE programme and its future development and the budget implementation tasks covering revenue and expenditure within the meaning of the general Financial Regulation.

¹ Commission Decision (2004/20/EC) of 23/12/2003 set up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003

² Decision No 1230/2003/EC of the European Parliament and of the Council of 26 June 2003 adopting a multiannual programme for action in the field of energy: 'Intelligent Energy-Europe' (2003-2006)

³ Commission Decision (C(2004)2046) of 11/06/2004 delegated powers to the Intelligent Energy Executive Agency with a view to performance of tasks linked to implementation of the multiannual programme for action in the field of energy: "Intelligent Energy - Europe" (2003-2006) comprising in particular implementation of appropriations entered in the Community budget

⁴ Article 4(1) 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

As an Executive Agency the IEEA needed to be located nearby related Commission services, i.e. DG TREN as the only parent DG at the time of its establishment. Following the Council Regulation 58/2003, article 5, the executive agencies shall be located at the place where the Commission and its departments are located, in accordance with the Protocol on the location of the seats of the institutions and of certain bodies and departments of the European Communities. Therefore, the Agency was located in Brussels.

The Annual Activity Report had to be presented at the latest on 31 March⁵ each year by the Director of the IEEA. DG TREN attached it to its own Annual Activity Report. Besides that, every month, the Agency submitted to DG TREN and to the Steering Committee a monthly report on the performance of the tasks assigned to it.

The Competitiveness and Innovation Framework Programme

In the framework of the Lisbon Strategy for growth and jobs, the Commission took a number of measures; one of them was the establishment of the Competitiveness and Innovation Framework Programme (CIP) (2007 - 2013)⁶.

The CIP programme aims to encourage the competitiveness of European enterprises. With small and medium-sized enterprises (SMEs) as its main target, the programme supports innovation activities, including eco-innovation, provide better access to finance and deliver business support services in the regions, encourage a better use of information and communications technologies (ICT) and help develop the information society. It also aims to promote the use of renewable energy sources and to increase energy efficiency. The following programmes are included in the CIP:

- The Entrepreneurship and Innovation Programme (EIP) with 5 main actions:
 - EU financial instruments for providing access to finance for SMEs;
 - “Enterprise Europe Network”: a network of business and innovation service centres;
 - Support for initiatives to foster entrepreneurship and innovation;
 - Eco-innovation making sustainable development become a business reality;
 - Support for policy-making.
- The Information and Communication Technologies Policy Support Programme (ICT-PSP);
- The Intelligent Energy-Europe Programme II.

Each of these programmes is implemented through annual work programmes.

The Marco Polo I and II programmes

Marco Polo is the EU funding programme for projects shifting freight transport from the road to sea, rail and inland waterways. The main objectives of the programme are to reduce congestion, to improve the environmental performance and to enhance intermodal transport, contributing to an efficient and sustainable transport system in Europe.

The Marco Polo programme II, successor of the Marco Polo I programme managed by DG TREN, was established for the period 2007-2013. This second programme includes more themes for instance the “motorways of the sea” and “traffic avoidance” projects.

Transformation of the IEEA into the EACI

⁵ Council Regulation 58/2003

⁶ Commission Decision 1639/2006/EC of the European Parliament and the Council adopted on 24 October 2006

The IEE II programme was extended to 2013 and integrated in the CIP. Since the Marco Polo programme also shared objectives with IEE and other CIP programmes, both Marco Polo and CIP (including IEE) could benefit from important synergies. It was thus decided that certain implementation tasks (e.g. projects) related to Marco Polo II (2007-2013) would be delegated to the IEEA.

Therefore, in order to reflect its additional tasks, the IEEA was transformed on 31 May 2007 into the **Executive Agency for Competitiveness and Innovation (EACI)**⁷. The Agency will carry out its tasks until 31 December 2015. At present the EACI is responsible for implementing the following programmes:

- CIP – IEE II ;
- Completion of IEE I (2003-2006), including its external strand Coopener,
- Certain measures of CIP – EIP (Enterprise Europe Network, IP Project, eco-innovation pilot and market replication projects);
- Marco Polo II;
- Completion of Marco Polo I.

There are three different parent DGs: DG Energy and Transport for the IEE and Marco Polo programmes, DG Enterprise for the Enterprise Europe Network, IP Project and DG Environment for eco-innovation pilot and market replication projects.

Following Article 4 of the EACI Act of Delegation adopted on 9 July 2007⁸, the Agency was entrusted to implement the management tasks, i.e. the management of the project cycle, information to the public and preparing recommendations for the parent DGs on implementation the programmes.

A new Steering Committee was appointed on 4 July 2007⁹ in order to take the necessary decisions to increase and adapt the scope of the agency (operational activities). The Steering Committee fixed for the Director of the Agency to start acting as the Authorising officer by Delegation (AOD) from 25 July 2007 also for the operational budget for IEE II.

For the operational activities for which the Agency had not yet received full autonomy in 2007, the parent DGs remained fully responsible.

The parent DGs signed a Memorandum of Understanding (MoU)¹⁰ on 26 September 2007 setting out some principles of cooperation with regard to the use of the EACI.

During this “transitional period”, meetings were organized between the Director and representatives of each DG involved. Preparatory steps were thus carried out to achieve planned autonomy, such as recruitment of staff and meetings with parent DGs to define the tasks and priorities for the EACI’s 2008 work programme. A gradual involvement in the implementation of these tasks was agreed on a case by case basis with each parent DG.

(1) Managing the IEE programme

⁷ Commission Decision 2007/372/EC of 31 May 2007 amending Decision 2004/20/EC in order to transform the ‘Intelligent Energy Executive Agency’ into the Executive Agency for Competitiveness and Innovation

⁸ Commission Decision C(2007) 3198 of 9 July 2007 delegated powers to the "Executive Agency for Competitiveness and Innovation" with a view to performance of tasks linked to implementation of the Intelligent Energy-Europe Programme 2003-2006, the Marco Polo Programme 2003-2006, the Competitiveness and Innovation Framework Programme 2007-2013 and the Marco Polo Programme 2007-2013 comprising in particular implementation of appropriations entered in the Community budget

⁹ Commission Decision of 4th July appointing the five members of the Steering Committee of the Executive Agency for Competitiveness and Innovation C(2007)3197

¹⁰ This MoU was followed by two specific documents: Guidelines for Effective Exchange of information and Guidelines for Effective Financial and Budgetary relations between the EACI and its parents-DGs of 18 December 2007

The IEEA was only in charge of the implementation of the IEE I (2003-2006) programme. Since the transformation of the IEEA into EACI, the Agency has been responsible for managing the completion of the IEE I programme and the external strand Coopener, and for managing the IEE II (2007-2013) programme.

The IEE II builds on the experience gained from the first IEE Programme¹¹. The three main fields of IEE II are SAVE, ALTENER and STEER. COOPENER¹² has not been maintained within IEE II. Besides these three main fields, IEE II further includes several Integrated Initiatives¹³. The Integrated Initiatives combine several of the specific fields (SAVE, ALTENER and STEER) or relate to certain Community priorities where EE and RES are integrated. They include, for instance, the creation of local and regional energy agencies in Europe, the European networking for local action and other special initiatives such as the Bio-business initiative.

(2) Managing the CIP-Entrepreneurship and Innovation Programme (EIP)

The EIP provides support for enterprises, in particular SMEs, for innovation, including eco innovation and for industrial competitiveness. The following activities have been delegated to EACI:

a) Enterprise Europe Network ("the Network")

The European Commission launched the Enterprise Europe Network in 2008. The Enterprise Europe Network combines and builds on the former Innovation Relay Centres and Euro Info Centres. The network offers concrete and effective solutions to entrepreneurs and companies in almost 40 countries, including the 27 EU member states, three EU candidate countries, members of the EEA and other third countries. These Centres support SMEs by providing them with information and practical advice on market opportunities and European initiatives by helping develop their research and innovation capacities and assisting them in applying for funding, in particular from the EU FP7¹⁴.

– Enterprise Europe Network: project management

Following the procedure foreseen on the EACI Act of Delegation¹⁵, on 1st November 2007 the Director of EACI started to implement operational appropriations as Authorising Officer by Delegation (AOD) for specified tasks related to the project management of the Network grants.. Thus, specific grant agreements were signed to complete the execution of the call for proposals published and evaluated by the parent DG.

– Enterprise Europe Network: network animation

In 2007, the main preparatory activities for achieving a “full autonomy” to be able to take over the related tasks from the parent DG consisted in recruitment efforts. There were also discussions between the parent DG and EACI held to establish the priorities for network animation in the 2008 EACI work programme, and an agreed “road map” for actions to be carried out by the parent DG and the EACI during the transitional period until the “full autonomy” in 2008. The delegation to the Agency became effective on 30 April 2008.

b) EIP-Innovation activities

¹¹ IEE Programme was adopted by Decision No 1230/2003/EC of the European Parliament and of the Council of 26 June 2003.

¹² The COOPENER programme has been followed by ENRTP thematic programme “Environment and sustainable management of natural resources including energy” managed by DG Europeaid. One of the 5 priorities is the “support for sustainable energy options in partner countries and regions and GEEREF” however the geographical coverage is different than COOPENER.

¹³ The 5 Indicators are: Enabling policies & strategies, Market Transformation, Changing Behaviour and Access to capital training.

¹⁴ Seventh Framework Programme for Research and Technological Development (FP7)

¹⁵ Stipulated in Article 4.2 of the Act of Delegation C(2007)3198

The activities of EACI in 2007 consisted in the preparation of the tasks for the Agency's 2008 Work programme. The discussions concerned mainly the procedure for the planned hand-over of the "IP project" which was chosen following the Call for proposals for an "IPR Awareness and Enforcement project". The evaluation of the proposals and the signature of the grant agreements were carried out by the parent DG. The further project management was handed over to the EACI on 23 July 2008.

c) EIP Eco-innovation

Eco-innovation is the production, exploitations of a novelty in products, production processes, and services or in management which aims through its life cycle to prevent or to help to reduce environmental risk, pollution and other negative impacts of resources use (also energy). The work programmes defines the priority areas.

The EACI was entrusted with the management of the EIP eco-innovation pilot and market replication projects as of 1 March 2008.

During 2007, the main activities and efforts focused first on recruitment of qualified staff and preparing the Work programme 2008 and second on the preparation for the call for proposals, which was launched before the summer 2008, in close cooperation with the parent DG.

(3) Managing Marco Polo I and II programmes

One additional staff only joined the unit by the end of December 2007. Therefore, the full autonomy of the programme was not attained before 2008.

The historical files (2003-2006) were officially handed over to EACI on 1 March 2008. The Agency is managing the complete life cycle of these existing contracts since 1 June 2008. EACI is officially in charge of the 2007 Call for Proposals since the signature of the contracts in fall 2008, although it already participated unofficially in the negotiations. EACI is also in charge of the 2008 Call for Proposals as from 7 April 2008 for the submission of proposals¹⁶.

During the "transitional period", the EACI focused its efforts in the recruitment of the qualified staff and the preparation of the 2008 EACI's work programme.

Human Resources

A Steering Committee and a Director have managed the IEEA/EACI from its inception. The Steering Committee consists of five members appointed by the Commission. The Director of the Agency is appointed for a renewable term of 4 years. He represents the Agency, is responsible for its management, and has to ensure that the annual work programme is properly implemented¹⁷.

Since its inception, the staff of the agency has consisted of the following categories of personnel:

- Community officials seconded as temporary staff members;
- Other temporary staff members directly recruited by the IEEA and EACI;
- Other staff recruited by the executive agency on renewable contracts (Contractual Agents), which represents roughly 70% of the total staff of the Agency.

¹⁶ Information provided by HoU Marco Polo at EACI

¹⁷ The tasks of a Director of an executive agency are stipulated in Article 11 of the 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

The IEEA started to recruit only a limited staff at the end of 2004. During this initial period the staff was provisionally located in DG TREN offices¹⁸, increasing the number of people recruited during 2005 with a 50% increase of staff in 2006 and 2007.

New vacancy posts in the EACI were published in the second semester of 2007.⁴⁰ Selection Committees were set up¹⁹.

In December 2007, the Agency had 69 staff. The number of Units increased from three to seven. The overall picture of recruitment in 2007 by staff category and activity was as follows:

Table 1: EACI staff evolution – 2006-2007

| Type of contract | Actual at 31/12/2006 ²⁰ | Planned for 2006 | Actual at 31/12/2007 | Planned for 2007 ²¹ |
|---|------------------------------------|------------------|----------------------|--------------------------------|
| Contractual agents | 25 | 30 | 47 | 77 |
| Seconded officials and Temporary agents | 16 | 16 | 22 | 35 |
| TOTAL | 41 | 46 | 69 | 112 |

Source: EACI

Table 2: EACI staff per activity - 2007

| Activity | Planned | Actual |
|-----------------------------|------------|-----------|
| Director and attached staff | 6 | 6 |
| Administrative support | 17 | 12 |
| CIP IEE | 40 | 38 |
| CIP EIP-network | 37 | 9 |
| CIP EIP eco innovation | 4 | 2 |
| Marco Polo | 8 | 2 |
| TOTAL | 112 | 69 |

Source: EACI

The recruitment picture at the end of March 2008²² in the new units was the following:

- Enterprise Europe Network-Project Management Unit: 14 staff
- Enterprise Europe Network Animation Unit: 21 staff
- Eco-Innovation Unit: 3 staff

¹⁸ Rue Demot 24, 3th floor in Brussels

¹⁹ EACI Quarterly Reports July-September 2007 and October-December 2007, following Article 14 of EACI Act of Delegation (2007) 3198

²⁰ The IEEA was only managing the IEE programme in 2006. All operational staff was working in the same activity within the 2 Operational Units: Unit 1: Renewable Energy and Unit 2: Energy Efficiency

²¹ Financial statement attached to the Commission Decision 2007/372/EC establishing the EACI

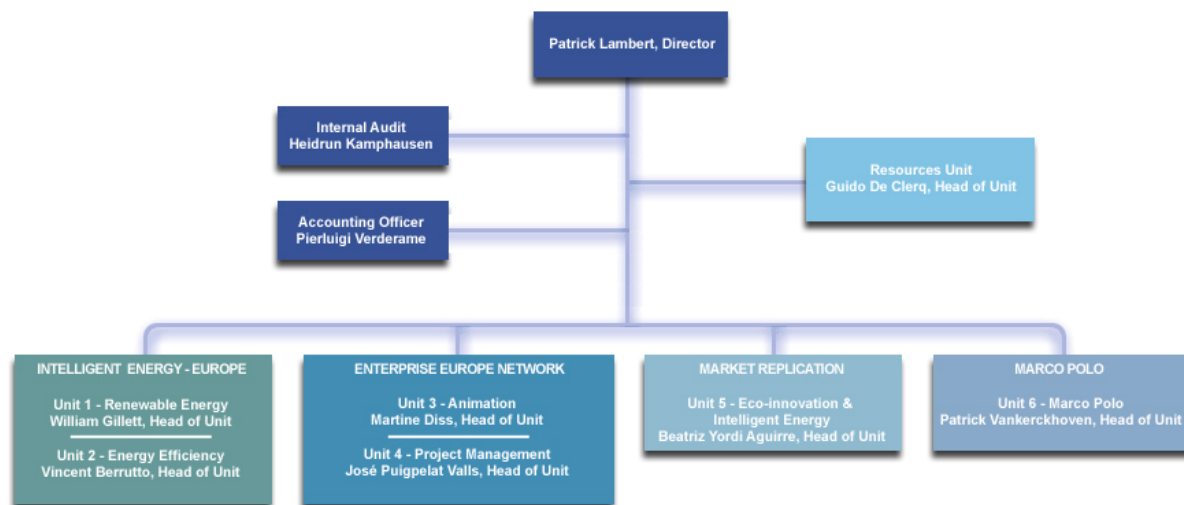
²² EACI Quarterly Report (January-March 2008)

- Marco Polo Unit: 9 staff

At the end of June 2008, the EACI had 120 staff²³.

Since the 4th quarter 2007 and due to the increase in staff, the EACI has been using offices in several buildings in Brussels: Tour Madou (mainly staff managing the IEE programme and Resources Unit and Director), Rue De Mot 24 (DG TREN offices) and Rue Belliard 100. The new staff recruited in December 2007 was provisionally located in Rue De Mot 24, 1st floor, then Rue Belliard 100 and finally this year in a building rented in Square Orban.

Figure 1: Organisational structure of the Agency



Source: EACI

The Agency's organizational structure follows the operational and horizontal objectives of EACI. It shows one Horizontal Unit (Unit R) and 6 operational units managing the programmes as follows:

- Unit 1-RES and Unit 2-Energy Efficiency (IEE programme);
- Unit 3-Enterprise Europe Network Animation and Unit 4-Enterprise Europe Network Project Management;
- Unit 5-Market Replication;
- Unit 6-Marco Polo;
- Resources Unit.

Independently of the seven Units, accounting officer as well as the ex-post internal auditor report both directly to the Director.

Until the time of the evaluation, the ex-IEEA was divided into two operational units (current Units 1 and 2). Each of them was managed by one Head of Unit and two Heads of Sector, one for "Sector projects" and the second one for "Sector Finance". At present, every operational Unit at the Agency has its own Sector Finance, except for Unit 3 "Enterprise Europe Network animation".

Within each unit the work is divided between the project officers (PO) and financial officers (FO). The POs are in charge of the technical monitoring of projects (PCM) and the FOs are in charge of the financial aspects of projects like budgeting, payments implementation, etc.

²³ EACI Quarterly Report (April-June 2008)

The EACI maintains working relations with the parent DGs and other Commission services such as DG BUDG, PMO, DIGIT, DG ADMIN and OIB²⁴. The Agency implements the “Guidelines on the effective exchange of information” and the “Guidelines on budgetary and financial relations” with the parent DGs and Service Level Agreements with the Commission Services providing different support to the Agency in order to ensure that the responsibilities are clearly established.

Concerning the IT environment, the Agency uses the following software solutions:

- ABAC for financial transactions,
- SAP for accounting for the administrative budget,
- ADONIS for mail registration,
- SIC-applications and SYSLOG for staff administration,
- Also DG TREN’s specific software: PMS for managing projects,
- DG RTD's software EPSS and RIVET for the electronic submission and evaluation of proposals

EACI’s Budget

EACI administrative budget comprises of grants from the funds allocated to the CIP and the second Marco Polo programme in the general budget of the EC. Since 1st January 2006 the Agency has assumed full responsibility for its administrative budget.

In 2007, following the extension of the Agency, the first amending budget was adopted on 11 July. This enabled the Agency to start launching the recruitment. The second amending administrative budget was adopted on 17 October, taking into account the effective of new staff during the second half of 2007.

The financial resources for the administrative expenditure of the Agency are determined by the annual budget procedure of the Commission. The subsidy from the general budget in 2008 is 15.314.000 € The data on commitments and payments implementation as of 30/06/08 is shown in the table below.

²⁴ DG BUDG= Directorate General Budget, PMO= Office for administration and payment of individual entitlements, OIB= Office for Infrastructures and logistics, DG ADMIN= Directorate General Personnel and Administration, DG DIGIT= Directorate General for Informatics

Table 3: Administrative budget implementation as of 30 June 2008

| | Commitments – Implementation | Payments - Implementation |
|---|---------------------------------|------------------------------|
| TITRE I Personnel costs | 10.463.900 | 2.909.238 |
| TITRE II Operating costs | 2.463.471 | 346.748 |
| TITRE III Technical costs and administrative support | 611.491 | 81.460 |
| TOTALS | 13.538.862 | 3.377.447 |

Source: EACI

The EACI objectives and tasks for 2008 are defined in accordance with the executive powers of the Agency under the Act of Delegation and are described in the following table:

Table 4: Indicative operational budget to be implemented in 2008

| Programmes managed by EACI | Objectives | Commitments appropriations in M€2008 | Total budget 2007-2013 (M€) |
|---|--------------------|--|--------------------------------|
| IEE I and CIP-IEE II ²⁵ | Objective 1 | 185,7* + 55 | 727,3 |
| Enterprise Europe Network Project Management | Objective 2.1.1 | 72,6 + 74,2 | ----- |
| Enterprise Europe Network Network Animation | Objective 2.1.2 | 1,38 | ----- |
| EIP Innovation Actions (IP Project) | Objective 2.2 | 6,2 | ----- |
| CIP EIP eco- innovation | Objective 2.4 | 28 | 185 |
| Marco Polo I and II | Objective 3 | 59 + 56 | 450 |

Source: EACI Work programme 2008

(*) Open individual commitments (grant agreements) to be managed by the Agency

Unit 4 is in charge of the Enterprise Europe Network project management. The process of physical handover for the 69 project files from the parent DG started in November 2007. By the end of June, 67

²⁵ 70 M€ has been allocated in commitment appropriations for action under SAVE, ALTENER, STEER and integrated initiatives.

out of 69 specific grant agreements were signed. As for Enterprise Europe Network animation (Unit 3), the delegation of tasks to the Agency became effective on 30 April 2008.

The Agency's Director is acting as authorising officer by delegation (AOD) for eco-innovation projects as from 1 March 2008²⁶.

As concerns Unit 6 Marco Polo, the transfer of files was finished on 1 March 2008, but the EACI only had access to related commitments and work flows on the transferred files of 55 grant agreements in ABAC by 29th May 2008. This late transfer has generated an important financial backlog that influence payment delays for the upcoming months.

²⁶ EACI Quarterly Report January-March 2008 following Article 14 of Act of delegation C(2007)3198

3. EVALUATION DESIGN

The evaluation timeframe covers the first three years of operation of the IEEA/EACI. It means that the evaluation covers the period of time from July 2005 till July 2008.

According to the specifications issued by the European Commission, the evaluation included two tasks:

1. The assessment of the relevance, effectiveness, efficiency and other impacts of the EACI (ex-IEEA) by responding to specific evaluation questions;
2. A Cost-Benefit Analysis (CBA) according to the following factors:
 - a. costs of coordination and checks;
 - b. impact on human resources;
 - c. possible savings within the general budgetary framework of the European Union;
 - d. efficiency;
 - e. flexibility in the implementation of the outsourced tasks;
 - f. simplification of the procedures used;
 - g. proximity of outsourced activities to final beneficiaries;
 - h. visibility of the European Union as promoter;
 - i. level of know-how maintained inside the Commission.

Our evaluation study focused both on qualitative and quantitative indicators. We presented all indicators we intended to use in response to the evaluation in an Analytical Framework. The Analytical Framework was included in our Inception report validated by the evaluation Steering Group.

Our sources for qualitative information were desk research, interviews with the Commission and EACI officials and to some extent the surveys we carried out.

Our sources for quantitative information were:

- Four web-based survey towards the EACI beneficiaries;
- Existing data reported by the EACI and the Commission.

3.1. Tools and techniques used

The main tools and techniques that we used are further detailed below. The combination of tools allowed us to draw robust conclusions based on facts and data from our research work. As mentioned above, it included desk research, face-to-face interviews with key Commission and EACI officials and four on-line surveys.

3.1.1. DESK RESEARCH

The desk research was conducted in parallel with the first round of interviews with DG Transport and Energy (DG TREN) officials. The desk research was a dynamic exercise and continued throughout the evaluation process.

The data included notably (see Annex 6 for the complete list of documents used during the evaluation):

- The EACI Annual Work Programmes and Activity Reports;
- The IEEA/EACI Monthly and Quarterly Reports;

- The Memorandum of Understanding between the parent DGs and the EACI;
- The Guidelines for effective exchange of information between the parent DGs and the parent DGs;
- The Guidelines for effective financial and budgetary relations between EACI and its parents DGs;
- The externalisation arrangements for the IEE, EIP and Marco Polo programmes;
- IAS Final Report – Audit of the IEEA;
- IEEA/EACI Financial Statements;
- IAS Draft Follow-up Audit Report on IAS Final Report on the IEEA;
- European Court of Auditors reports on the IEE.
- Preliminary impacts assessment;
- Previous Cost-Benefit Analyses.

All these documents were particularly useful during the various phases of project. Documents were collected from the Europa web site and directly via DG TREN. The EACI also proactively provided the evaluation team with internal documents and analysis.

3.1.2. FACE-TO-FACE INTERVIEWS

We carried out numerous interviews with EACI officials and Commission officials. In total (inception and data collection phase), we have interviewed 17 people from the Commission and the EACI, sometimes several officials together.

The interviews were used:

- to complete and explain secondary data coming from the desk research;
- to collect qualitative information in order to further highlight and comply with the qualitative indicators defined in the analytical framework;
- to explore future developments.

3.1.3. ONLINE SURVEYS

In order to receive data on the quality of the services of the EACI and to compare the current situation with the situation before the creation of the Agency, we have set up web-based surveys in English towards:

- the project coordinators of the IEE programme;
- the National Contact Points of the IEE programme;
- the Marco Polo project lead partners;
- the eco innovation pilot and market replication projects proposers.

The EACI and the Commission were deeply involved in the drafting of the surveys. It took time to collect the opinions of all parties but it ensured the quality of the survey and high response rate.

The surveys were open from 10 until 25 November. The link to the survey was directly sent by the EACI to their contacts. The response rate of the survey is sufficient to use the results as indicators of the overall opinion of the programme beneficiaries:

- the project coordinators of the IEE programme: response rate 46%, 208 replies received;
- the National Contact Points of the IEE: response rate 45%, 18 replies received;
- the Marco Polo project lead partners: response rate 60%, 43 replies received;
- the eco innovation pilot and market replication projects proposers: response rate 59%, 79 replies received.

3.1.4. WORKSHOP WITH EACI MANAGEMENT

At the end of the data collection phase, we organised a workshop with EACI management in order to test and receive feed-back on the information that we received from interviews with the Commission and the web based surveys.

The workshop was organised in the EACI premises. Nine EACI officials attended including most of the Heads of Unit and the Director

3.2. Obstacles and limits of the evaluation

We present in this section the obstacles and limits we faced during the evaluation and the mitigation actions that we applied. The section is structured by evaluation criterion and start with the CBA.

3.2.1. COST-BENEFIT ANALYSIS (CBA)

The methodology adopted in this section is consistent with the Regulation on laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes and the Commission's own Impact Assessment guidelines. In addition to quantifying the savings within the general budgetary framework of the European Union, we have also examined other factors such as the costs of coordination and checks; the impact on human resources; efficiency and flexibility in the implementation of tasks; simplification of the procedures used; proximity of outsourced activities to final beneficiaries and the visibility of the community as promoter of the programme. A full description of the approach adopted is presented in section 4.5.1.

As with all exercises of this kind there are, however, a number of conceptual and practical limitations in identifying the precise 'costs' and 'benefits' associated with the establishment of the EACI. In particular, given their nature, we have been able to systematically quantify a number of the above factors as part of the CBA. To address this issue we have employed a qualitative assessment of these factors on the basis of the results of the web-based survey.

One obstacle that we faced during the CBA is the overlapping between the CBA's factors that we had to analyse and the evaluation questions that also dealt with these factors. As from the Inception phase, it was agreed that factors that are covered by the evaluation questions and the CBA will be analysed in the evaluation section. Consequently, we start the analysis section (Section 4) with the evaluation results. Moreover, some evaluation questions dealt with comparison between the Agency's and Commission's features and the CBA also specifically covered this type of issue. We decided then to put all comparison between the Commission and the Agency concerning the CBA factors in the CBA section.

Concerning the indicators that we suggested in our analytical framework to analyse the different CBA factors, some of them were not available at the Commission.

Impact on Human Resources

- Workload: % over time, % vacation days left at end of year;
- Time spent for recruitment;
- Cost of trainings per FTE;
- Number of training per FTE;
- Unit cost per FTE.

These indicators were addressed for Contract/ Temporary Agent in the Commission as mainly these types of agents work at the EACI.

Costs of coordination and checks

- Number of FTE staff involved in coordination activities, both within the EACI and at the Parent DG;
- Number of individual project dossiers that are checked by the Commissions officials, and therefore proportion of workload for staff.

The different Units involved in the coordination and check of the EACI activities were not able to give precise and quantitative information on these questions as part of the programmes/network managed by the EACI were recently integrated.

- Staff turnover.

This indicator was addressed for Contract/Temporary Agent level in the Commission as it had then to be compared with Agency Contract/Temporary Agent. Considering that the contract period between Commission Contract Agent and Agency Contract Agent is different (maximum 3 years - 5 years renewable), statistics on the turnover are not comparable.

3.2.2. RELEVANCE

The indicators and information sources that we presented in order to formulate a judgment on the relevance of the EACI are not really problematic. Only some quantitative indicators were difficult to collect because that level of precision does not exist within the EACI. Indeed, this type of information cannot be considered as business as usual. These indicators are:

- Number and type of formal and informal activities realised by the Commission that could be classified in the project implementation category;
- Number and type of formal and informal activities realised by the EACI that could be classified in the programming/policy stages.

Nevertheless, we received opinion from the EACI's officials on these elements.

3.2.3. EFFECTIVENESS

Like for the relevance criterion, we did not face major problems to collect indicators to measure the effectiveness of the EACI. Many data on the effectiveness of the EACI were collected via the web-based surveys. Considering the high response rate of the surveys, we were able to draw conclusions on the effectiveness of the Agency using robust data.

3.2.4. EFFICIENCY

The evaluation of the EACI efficiency required the collection of several quantitative indicators. We have collected many of them at EACI but we needed to collect some information at Commission level. For instance, we have proposed in our Analytical framework to collect information on:

- Turnover in the senior positions in the Units compared to the Commission;
- Staff turnover in the EACI compared to the staff turnover in the Commission services involved;
- Main reasons for level of staff turnover within the EACI and the Commission.

These indicators were not available at the time of the evaluation at Commission level or were not relevant after analysis. For instance, at the EACI, there is not turnover in the senior positions since its creation in 2005.

Moreover, precise and quantitative data on specific indicators do not exist at the EACI as they deal either with informal exchange/relation and not exclusively with formal ones, or with data that are not yet aggregated at the agency level. For instance, it was not possible to collect precise data on:

- Number and constitution of meetings where knowledge transfer between experienced and new EACI staff members is possible;
- Number and type of instructions from the various DGs involved to the Agency.

For all these indicators, we based our analysis on qualitative information received during our interviews with the Commission and Agency officials.

3.2.5. OTHER IMPACTS

The limitation of this question was that when asked about unintended results or impacts, the interviewees faced difficulties to come up with any. Therefore we answered this evaluation question by analysing all information received through interviews and the survey and identified results or impacts that were not foreseen or intended.

4. EVALUATION RESULTS

The objective of this evaluation is to examine the evaluation criteria (relevance, effectiveness, efficiency and other impacts) and to assess the cost benefit aspects of the EACI. Based on these elements, the evaluator was asked to make recommendations for the future.

At first we deal in the following sections with each evaluation criterion separately. Each section presents for each of the evaluation questions concerned the following sub sections:

- Introduction: we describe one or more judgement criteria that will allow us to formulate a judgement;
- Data: for each judgement criterion, we present the qualitative and quantitative data that has been collected through web questionnaires, desk research and interviews;
- Conclusions: our collected data for each judgement criterion allow us to formulate a conclusion on the evaluation question.

The table below presents the general overarching focus²⁷ referring to the key evaluation criteria, in line with the specifications.

Table 5: Evaluation criteria – Overarching focus

| Criteria | Overarching focus |
|---------------|--|
| Relevance | In relation to the Commission's need to focus primarily on its institutional tasks while keeping an adequate control on how the programmes are managed. |
| Effectiveness | In relation to the Agency's objectives and to the programmes' objectives; Utility to the Commission; Visibility of the Commission as responsible for the programme; Organisational set-up (relationship Commission-Agency: Director, Steering Committee, etc.). |
| Efficiency | In relation to the resources involved; Organisational set-up (relationship Commission-Agency: Director, Steering Committee, etc.). |
| Impact | Unintended/unplanned results and impacts. |

Secondly, we will deal with the cost benefit aspects in two subsections:

- A subsection where we assess the tangible elements of the EACI;
- A subsection where we assess the intangible elements of the EACI. As certain intangible elements are also discussed within the sections on the different evaluation questions (e.g. : visibility of the European Union as promoter), we will only refer to the data and conclusions presented in the previous sections and not re-explain these.

²⁷ There is also a series of lower-level questions, which are addressed further below.

For each of the subsections we will present a conclusion.

4.1. Relevance

In the Terms of Reference, four evaluation questions were defined:

- To what extent are the elements of the Agency's framework complementary, mutually supportive and non-contradictory (objectives, competences, tasks, resources as defined in the framework Regulation, the Commission Decision to set up the Agency²⁸, and the Act of Delegation)?
- To what extent is the division of responsibilities and tasks between the Agency and the Commission clear and appropriate? Are there any overlaps with the Commission of tasks or any other issues that may have a negative influence on effectiveness and efficiency?
- To what extent are the resources allocated to the Agency appropriate and sufficient in view of the objectives and tasks allocated to it?
- To what extent is the framework of the Agency relevant and appropriate in view of satisfying the needs of the beneficiaries?

Keeping in mind the overall focus on the Commission's need to focus primarily on its institutional tasks while keeping an adequate control on how the programmes are managed, we will address each evaluation question in more detail below, following the structure as described in the introduction of this section (evaluation question – introduction, data, conclusions).

4.1.1. TO WHAT EXTENT ARE THE ELEMENTS OF THE AGENCY'S FRAMEWORK COMPLEMENTARY, MUTUALLY SUPPORTIVE AND NON-CONTRADICTORY?

4.1.1.1. INTRODUCTION

For this evaluation question, we defined two judgement criteria which make a comparison between different elements of the Agencies framework:

- Complementarity, mutual support and non-contradiction of the objectives as described in the Commission Decisions regarding the EACI²⁹ vis-a-vis the Council Regulation 58/2003³⁰;
- Complementarity, mutual support and non-contradiction of EACI tasks as described in the Commission Decisions vis-a-vis the Council Regulation 58/2003.

4.1.1.2. DATA AND FINDINGS

The general framework for Executive Agencies was set up in Council Regulation 2003/58/EC laying down the statute for these agencies to be entrusted with certain tasks in management of Community programmes. The legal status and tasks of Executive Agencies were respectively defined by Articles 4 and 6 of this Council Regulation. In the latter, it is specified that the Commission may entrust an

²⁸ Commission Decisions 2007/372/EC, 2004/2046/EC, 2004/20/EC and 2007/3198/EC and Council Regulation 58/2003

²⁹ Commission Decisions 2007/372/EC, 2004/2046/EC, 2004/20/EC and 2007/3198/EC and Council Regulation 58/2003

³⁰ The objective of the Agencies as described in Commission Regulation 58/2003 article 3.1: "entrusting it with certain tasks relating to the management of one or more Community programmes"

executive agency with any tasks required to implement a Community programme, **with the exception** of tasks requiring discretionary powers in translating political choices into action.

Commission Decision 2004/2046/EC delegated the execution of the IEE programme to the IEEA. Article 4 enumerated the tasks of the agency:

- Project cycle management, including preparatory work on financing decisions, project monitoring, producing overall control and supervision data, monitoring actual effects of the projects, and compiling a project database.
- Dissemination, including planning and implementing information operations, organising training and meetings, managing and directing a network and updating information about programmes managed by the Agency on the Commission's websites.
- Information, including analysing and transmitting information and preparing recommendation to the Commission relating to the implementation of the Community programmes, analysing and transmitting to the Commission all information relating to possible synergies with other Community programmes and contributing to the evaluation of the impact of the programme.

Tasks involving a large measure of discretion implying political choices were **explicitly excluded**.

Commission Decision 2007/ 372/EC transformed the IEEA into EACI. Article 4 sets the new tasks of the Agency as relating to the management of Community actions in the fields of energy, entrepreneurship and innovation, including eco-innovation, and sustainable freight transport, under the Competitiveness and Innovation Framework Programme (including EIP and IEE), and the Marco Polo programme.

Commission Decision 2007/3198/EC delegated powers to EACI in order to carry out the abovementioned new tasks. Article 4 of this decision reiterated the abovementioned executive tasks of **project cycle management, dissemination and information**, now applied to the execution of the IEE I, IEE II, MPI, and MPII programmes. Again, tasks involving a large measure of discretion implying political choices were **explicitly excluded**. Articles 2 and 3 thereof, "Regulations" and "General Framework", also define the agency as being in charge of the management of the projects and the network animation of the support structures for enterprises and innovation, the management of the IT tools, the communication networks and the formation, among others.

Finally, Commission Decision 2007/3197/EC appointed the 5 members of the Steering Committee.

Overall the Commission officials we interviewed were satisfied with the Agency's framework and did not distinguish elements that are contradictory, not mutually supportive or non complementary. Moreover, it was acknowledged that the framework did not create an administrative burden on the different stakeholders. As an example of this, it was mentioned that a Steering Committee comprised of only 5 Commission officials was able to work efficiently. The only element of the framework that was mentioned that could have been done differently is the fact that the members of the Steering Committee are nominated *ad personam* instead of *the function being nominated*.

As for the EACI there is an overall consistency in the Agency's framework. However, we see an evolution with regard to the understanding of the act of delegation as we received feedback that in the beginning it was not clear what was meant in the act(s) of delegation with "contributing to preparatory work of the work programmes" and "contributing to the definition of performance indicators" (article 4 in 2007/3198/EC). However, this *unclearity* has been solved through the elaboration of the Guidelines for Effective Communication.

We also received feedback from the Agency that both the Steering Committee (as mandated via the Commission Decision³¹ and the Commission Regulation³²) and the Commission Parent DGs (Commission Decision³³) take up a management role whilst the Commission Decision also foresees that the Parent DGs take up a supervising role³⁴. Consequently and in relation to the parent DGs it is for the horizontal services of the EACI not always clear whether the Parent DGs are taking up their management or supervising role when raising questions to the EACI.

4.1.1.3. CONCLUSIONS

- The objectives and tasks set up in the Agency's legal framework are complementary, mutually supportive, and generally non-contradictory;
- Overall the set-up is correct. The meaning of the elements "the Agency shall be contributing to preparatory work of the work programmes" and "shall be contributing to the definition of performance indicators" were originally unclear, however they were solved during the course of previous years;
- There are questions on the relevance of the ad personam appointment of the Steering Committee members and there was a need expressed to clarify when the Steering Committee and the Commission Directorates General (DGs) were taking up their role as supervising body and when as management body.

4.1.2. TO WHAT EXTENT IS THE DIVISION OF RESPONSIBILITIES AND TASKS BETWEEN THE AGENCY AND THE COMMISSION CLEAR AND APPROPRIATE? ARE THERE ANY OVERLAPS WITH THE COMMISSION OF TASKS OR ANY OTHER ISSUES THAT MAY HAVE A NEGATIVE INFLUENCE ON EFFECTIVENESS AND EFFICIENCY?

4.1.2.1. INTRODUCTION

For this evaluation question, we defined four judgement criteria:

- Extent to which there is a formal separation between programming/policy stages (Commission's core business), for which the Commission remains fully responsible, and the implementation of technical projects, where no political decision-making involving discretionary powers is required;
- Extent to which there is an operational separation between programming/policy stages and implementation tasks;
- Extent to which the distinction between programming/policy stages and implementation tasks is understood and appropriate;
- Extent to which there are operational overlaps between Commission and EACI initiatives.

As presented in the previous section, the Agency is responsible for the **Project cycle management**, the **dissemination** of the programmes' results and the **information** towards the Commission. For this later task, no overlap with the Commission is logically possible so it is not considered in this section. Tasks involving a large measure of discretion implying political choices were explicitly excluded.

31 Article 5(1) of Decision 2004/20/EC, as amended by Decision 2007/372/EC.

32 The statute of executive agencies is laid down in Council Regulation (EC) No 58/2003 of 19 December 2002. Article 8(1) of Regulation (EC) No 58/2003 provides that the Steering Committee of an executive agency will consist of five members. Articles 8(3)-8(6) concern the method of work of the Steering Committee and Article 9 relates to the Committee's tasks.

33 2007/3198 art 6.2: The Agency's annual work programme shall comply with the relevant rules and budgetary decisions and be submitted to the Commission for approval before being adopted by the Steering Committee.

34 2007/3198 art 15.1: The parent-DGs shall be responsible for monitoring and supervising the Agency.

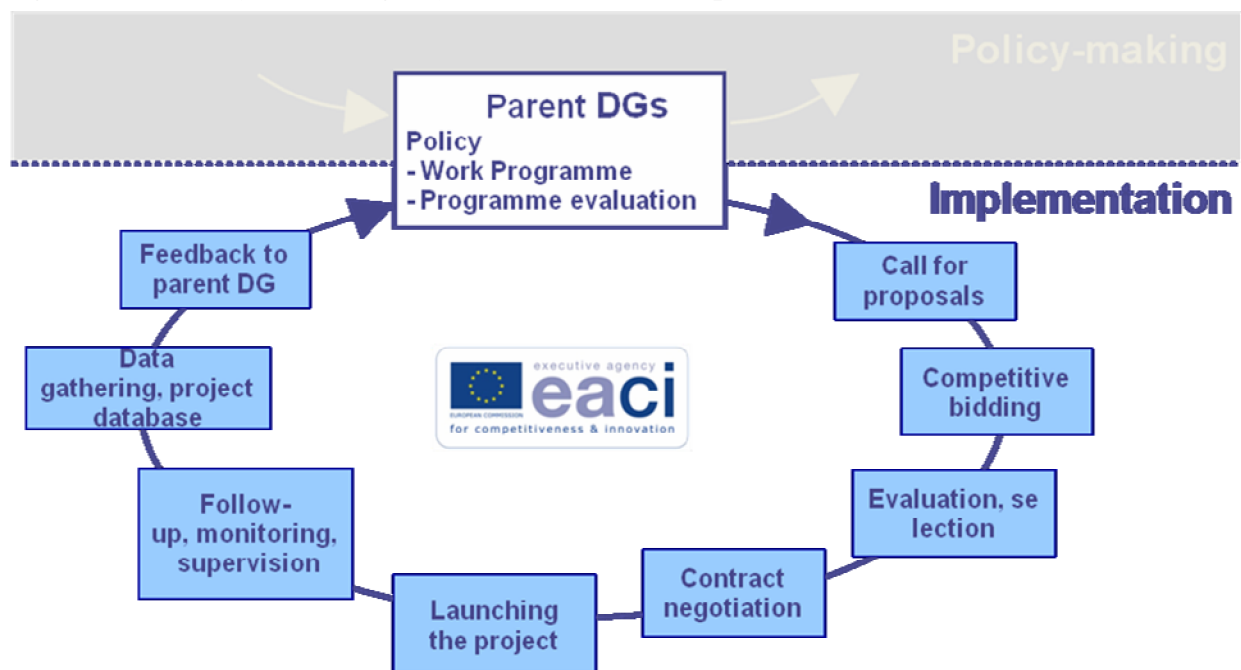
In 2007, in order to detail general arrangements included in the Commission Decisions, the Agency and its parent-DGs (DG ENV, TREN and ENTR) agreed on a Memorandum of Understanding (MoU) about the Cooperation with regard to the use of EACI³⁵ and on Guidelines for effective exchange of information³⁶. This section is based on these documents and on the comments received via interviews with EACI and Commission officials.

4.1.2.2. DATA AND FINDINGS

Project cycle management

We present below the project cycle defined by the Agency and the distinction between the policy making activities for which the DGs are responsible and the programme's implementation activities for which the Agency is responsible and on which it regularly reports to the Commission.

Figure 2: Project cycle with Agency and Commission responsibilities



Source and design: EACI

As we see there is a formal separation between programming/policy stages (Commission's core business), for which the Commission remains fully responsible, and the implementation of technical projects, where no political decision-making involving discretionary powers is required.

Formally, as policy making activities, the parent-DGs are responsible for the drafting of the Work Programme and for the programme evaluation, and the EACI is responsible for the programme implementation from the call for proposals/call for tenders to feedback to be given to parent-DGs. For both types of activity, parent-DGs and the Agency are more or less operationally associated in the activities of the other. For instance:

1. Involvement of the Commission in the programme implementation:

³⁵ Memorandum of Understanding on the Cooperation with regard to the use of the EACI dated 26/09/07

³⁶ Guidelines for effective exchange of information between EACI and its parent DGs dated 17/12/07

- The Commission should be formally involved in the Programme implementation category for some issues such as taking part in the pre-evaluation of proposals by external experts. For instance, the DG ENV contact person for the eco innovation pilot and market replication projects was deeply involved in the preparation of the call for proposals in the selection committee. Nevertheless, we have been informed that the level of active involvement of the DGs depends on the availability of their staff.
- Commission (parent DGs) is entrusted to make verifications of certain information under the control of the Agency.
- For Enterprise Europe Network the sector groups which are managed by the network partners themselves are set up in close cooperation with DG ENTR on specific areas. The EACI, in cooperation with DG ENTR, will issue guidelines for these sector groups and monitor their implementation³⁷. Moreover, for the Network animation activities there are separate guidelines as these activities do not follow the “classic” project management cycle.
- DGs’ project officers (relevant Head of Unit) could attend and directly participate in project meetings in Brussels/other places to discuss the substance of projects, in particular those projects identified as the most linked to the DGs’ policy activities. Here again, the participation of the Commission depends on the Commission Officials availability.

2. Involvement of the EACI in policy activities:

- The DGs invite the EACI to be involved in the evaluation committees of the DGs actions under the CIP.
- The DGs invite the EACI to comment on the draft annual work programmes of the programmes managed by the EACI.
- The EACI provides assessment of the outcomes of the calls in order to assist the DGs in refining the annual work programmes.

Overall, the Commission and Agency Officials stated that the division of responsibilities between the different stakeholders is very clear and natural. However, DGs ENTR wants to be more involved than the other DGs in the Enterprise Europe Network micro-management. This high level of involvement in the EACI’s activities compared to the other DGs should disappear with time when the network will be fully operational. At the moment of the evaluation, the network was in the set-up phase.

Dissemination activities

The Agency is responsible for the overall communication about the (part of) programmes, including the project dissemination, and the network that it manages. The EACI has to inform the DGs of its planned information and communication activities in relation to the execution of the programmes. The Agency has also to consult the DGs on the common design scheme for the presentation of brochures, posters, report templates, on the marketing materials, on the media packages and on the concept and design of the websites managed in support of the execution of the respective programme.

The Commission remains responsible for the communication of the programmes linked to the EACI programmes (within the CIP for instance) or the parts they are still in charge of, but must discuss with the EACI how to maximise mutual support. This mutual support was reinforced because in the past years

³⁷ Info-Note on the creation of synergies in the management of programmes by the EACI dated 6/10/2008

overlaps in the communication on the programmes happened due to uncertainties in respective responsibilities about the communication role of the Commission and the EACI's one.

It seems also sometime difficult to find a common approach on the form and the content of the communication materials. The DGs have their own communication culture/approach and the Agency tries to apply standard schemes for all programmes that it manages. Moreover, the Agency has to translate the Work Programmes in a more understandable language for potential beneficiaries and it takes time to find the right wording that comply with the Commission legal approach.

4.1.2.3. CONCLUSIONS

The current tasks definition between the Agency and the Commission is clear and to some extent satisfies both the Commission and the EACI. Nevertheless, it is not detailed enough to ensure the maximal effectiveness and efficiency of the Agency. For many activities, either in the implementation of the programmes (projects) or in the communication activities to the external world, the EACI is associated to the Commission. It is positive to ensure a coherent approach but it makes the relation and the definition of responsibilities complex. As there are cases where one does not know who takes the final decision, it creates uncertainties and spaces for different interpretation.

Moreover, there are different positions among the DGs concerning their involvement in the Agency's activities. The Agency has to develop specific procedures and to implement different requirements according to the DGs with which it is working. It leads to different service levels and could lead to efficiency losses.

4.1.3. TO WHAT EXTENT ARE THE RESOURCES ALLOCATED TO THE AGENCY APPROPRIATE AND SUFFICIENT IN VIEW OF THE OBJECTIVES AND TASKS ALLOCATED TO IT?

4.1.3.1. INTRODUCTION

For this evaluation question, we defined the following judgement criteria:

- Appropriateness of the number of EACI resources to perform its tasks;
- Appropriateness of qualified resources to perform its tasks;
- Adequate EACI operating budget to perform its allocated tasks;
- Appropriateness of the structure of the Agency (balance between horizontal and operational units) to complete its tasks and objectives³⁸.

The sources of information that we have used are the Work Programmes and the Activity Reports of the Agency and the interviews with Commission and Agency Officials. We have also collected financial and human resources information on other agencies in order to compare the EACI with them. We have mainly used data from their Work Programmes and Activity Reports and phone contact with officials.

4.1.3.2. DATA AND FINDINGS

Quantitative

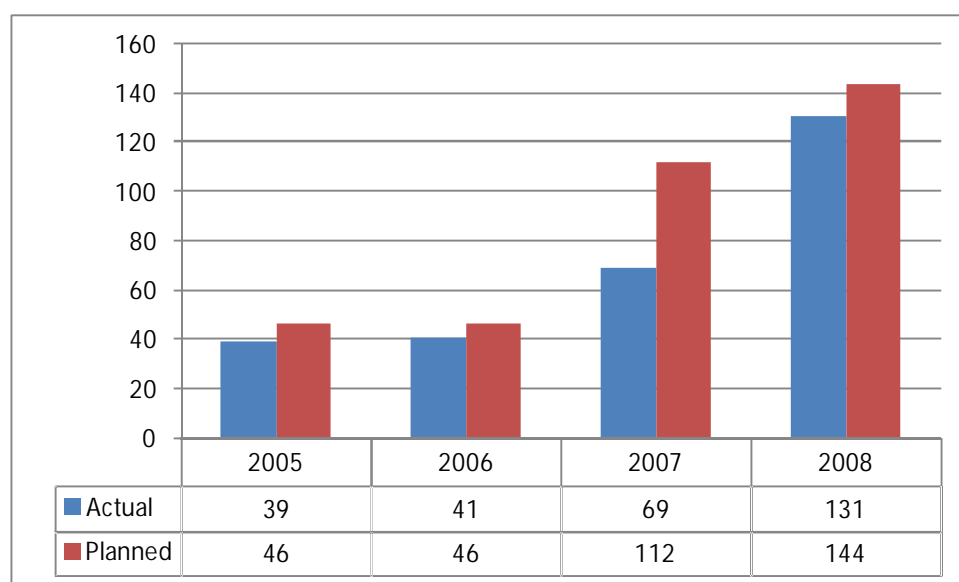
Human resources

In the following Figure, we compare the Agency actual staff with the planned staff. The actual staff is each year below what is planned. End 2007, the difference is particularly important with only 62% of the

³⁸ We deal specifically with this judgement criterion in the section 4.2.4. when we address the issue of the synergies and the economies of scales.

human resources framework that was completed. In 2008, the difference appears to be less significant as the Agency staff increased with more than 60 people. The workload of the EACI staff was particularly high during the years 2007-2008 due to the integration of the new programmes/networks, the transition from the IEEA to the EACI and the recruitment and training of new staff.

Figure 3: Evolution of the EACI staff members per year – actual and planned headcount



Source: EACI Work Programmes/Activity Reports and EACI internal documents.

The evolution of staff was in proportion more important in the (new) operational Units than in the Resources Unit (Unit R) as it is the result of the integration of the new tasks in 2007-2008.

- The number of staff in the Unit R and at Director level increased from 12 in January 2007 to 26 in October 2008 ;
- The number of staff (Project Officers and Financial Officers) in operational Units (see IEE, Enterprise Europe Network, Market Replication and Marco Polo) increased from 34 in January 2007 to 105 in October 2008.

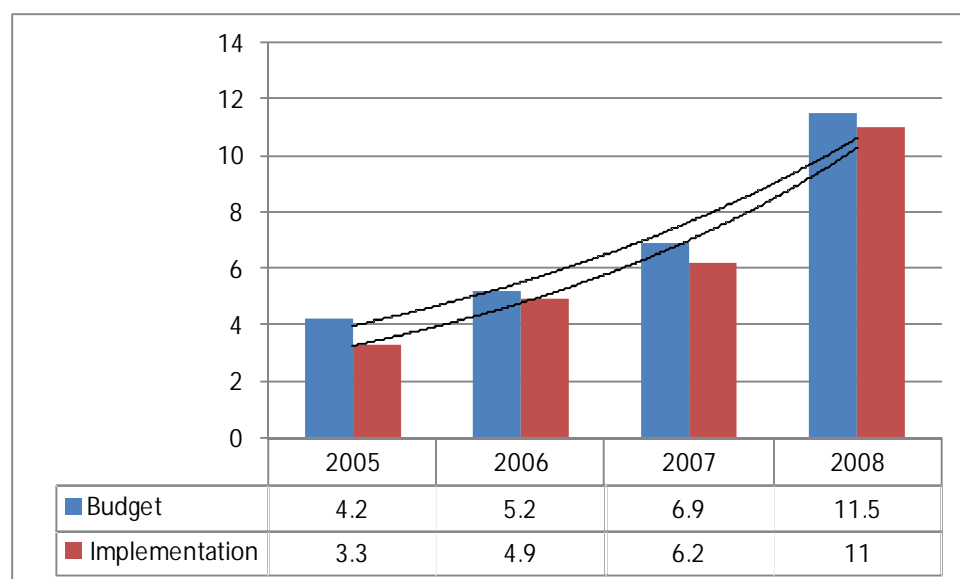
During this critical phase, the agency was able to manage the integration of new programmes without proportionally impacting the Unit R. The Agency adapted the Unit R to create economies of scale and to correspond to the specific needs of the operational Units. Although, the EACI management mentions as a significant weakness of the Agency the lack of IT experts that should manage the increasing number of databases, web applications and other internal systems. At the end of 2008, there was only one employee responsible for the whole IT system for horizontal management (plus one full-time person through a service contract for the help desk).

Considering the division of tasks in the Agency between the Operational Units and the Unit R, we have noticed the positive use of centralisation and decentralisation of certain administrative tasks. For instance, there are Financial Officers in each Operational Unit (except for Unit 3 – Animation of the Enterprise Europe Network) who work in close cooperation with the Project Officers and under the control of the Unit R, and in the Unit R, there communication experts that support the different Units in their communication activities.

Administrative budget

In the next Figure, we present the Agency administrative budget implementation since the creation of the Agency. Each year the spent budget was below the expectations and the unused part of the subsidies returned to the Commission. The main part of the operating budget is composed by staff cost and considering the discrepancy between the actual and the planned staff (see previous Figure), it is easily understandable why the Agency was not able to spend its budget. It could mean, according to interviewed Commission officials, that, as long as the Agency achieves its tasks and objectives and is not asking for more budgets and even returns part of its administrative budget to the Commission, the planned financial resources are not scarce.

Figure 4: Evolution of the administration budget implementation per year (million €)



Source: EACI Work Programmes and Activity Reports

The percentage of the unspent budget is decreasing with years and was more important during the transition phases of the Agency (creation phase in 2005 and integration of new programmes/network in 2007). In 2006, the unspent budget reached 6% and 4% in 2008.

Table 6: % of the unspent budget per year

| | 2005 | 2006 | 2007 | 2008 |
|------------------|------|------|------|------|
| % unspent budget | 21% | 6% | 11% | 4% |

Source: EACI Work Programmes and Activity Reports

* Source: Quarterly Report September 2008 – Commitments implementation at 2008/09/30

Comparison with other executive agencies

In order to analyse the adequacy of the Agency budget and staff to achieve its objectives, we have compared the EACI with three other executive agencies. This analysis gives us an overall insight of the EACI situation in terms of available staff and budget but has significant limitations as the type of projects managed by the various agencies is very different. For instance, one of the core activities of the EACI is “network animation” which is not the case for all Executive Agencies. As a consequence, the analyses presented in this section should be considered as informative more than leading to conclusions.

The Trans-European Transport Network Executive Agency

Created in 2006 and based in Brussels, the Trans-European Transport Network Executive Agency (TEN-T EA) is entrusted with the management of the Community funds available for the promotion of the trans-European transport network.

The TEN-T EA was initially in charge of TEN-T projects from the Financial Perspectives 2000 – 2006. Thanks to its new mandate, approved in July 2008, the Agency's lifetime has been extended to 31 December 2015. It takes over total management of the 2007-2013 TEN-T projects. Its parent Directorate General is the DG Transport and Energy (DG TREN).

The Executive Agency for Health and Consumers

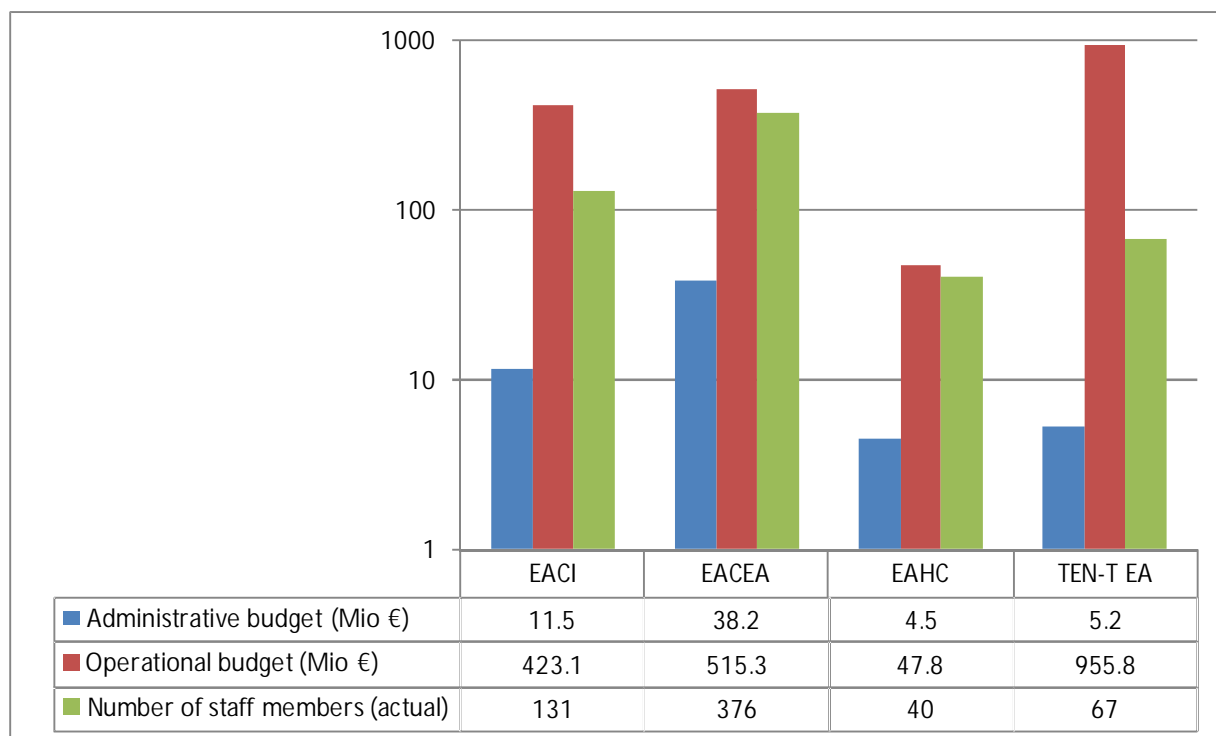
The Executive Agency for Health and Consumers (formerly the Public Health Executive Agency) was created on 1 January 2005. In 2008, the Agency's mandate was prolonged and expanded to include actions in consumer protection and training for safer food. The EAHC implements the EU Health Programme, the Consumer Programme and the Better Training for Safer Food initiative. Its parent DG is the DG Health and Consumers (DG SANCO).

The Education, Audiovisual and Culture Executive Agency

The Education, Audiovisual and Culture Executive Agency (EACEA) is responsible for the management of certain parts of the EU programmes in the fields of education, culture and audiovisual. Fully operational from 1 January 2006, the Executive Agency operates under supervision from its three parent Directorates-General: Education and Culture (DG EAC), Information Society and Media (DG INFSO) and the EuropeAid Cooperation Office (DG AIDCO).

In the Figure below, we present their respective administrative budget (i.e. staff expenditures, infrastructure and operating expenditures and technical and administrative support expenditures), operational budget (budget of the programme(s)/network managed by the agencies) and number of staff for 2008. We have put them in a logarithmic scale. Presentation of these data on a logarithmic scale allows us to visually compare the different values.

Figure 5: Comparison between the administrative budget, operational budget and number of staff members of four EU executive agencies.



Source: EACI, Activity Reports 2008 and contacts with the TEN-T EA

As presented in the table below, the EACI cost per staff member reaches €87,786.26 (including the distribution of the infrastructure and operating expenditures and the technical and administrative support expenditures per capita). The EAHC and the EACEA reach respectively €12 500 and €101 679. Compared to these agencies, the TEN-T EA has a relatively small cost per capita: €7 612.

Table 7: Division of the agencies administrative budget by the number of staff members (2008)

| | EACI | EACEA | EAHC | TEN-T EA |
|------------------------|-------------|--------------|--------------|-------------|
| Cost per capita | € 87,786.26 | € 101,595.74 | € 112,500.00 | € 77,611.94 |

Source: EACI, Activity Reports 2008 and contacts with the TEN-T EA

It appears that the TEN-T EA has smaller expenditures for the different administrative budget titles than the EACI although they are both located in Brussels (meaning comparable fixed cost) and have both the same parent-DGs (DG TREN). We present in the table below the detailed administrative budget of the EACI and the TEN-T EA.

Table 8: Detailed administrative budget of the EACI and the TEN-T EA

| Administrative budget titles | EACI | | TEN-T EA | |
|--|------------|------------|------------|-------------|
| | Total | Per head | Total | Per head |
| Title 1 - "Staff Expenditures (for EACI including e.g. missions, recruitment and training costs) | €7.068.842 | €53.960,63 | €3,330,000 | € 49,701.49 |
| Title 2 - "Infrastructure and Operating Expenditures" | €2.434.611 | €18.584,82 | €1,260,000 | € 18,805.97 |

Evaluation of the first three years of operation of the EACI (ex-IEEA)

| | | | | |
|--|-------------|------------|------------|-----------|
| Title 3 - "Technical and Administrative Support Expenditures" including external experts for proposal evaluation | €1.530.643 | €11.684,30 | €60,000 | €8,358.21 |
| Total | €11.034.097 | €84.229 | €5.150.000 | €76.865 |

Source: EACI and TEN-T EA

As we can see in this table, the average EACI cost per head (i.e. salaries, training, missions and recruitment costs) reaches €53,960 and in the TEN-T EA it reaches €49,701.49. The difference is not significant. It could mean for instance that more Grade IV Contract Agent and high qualified Temporary Agent work in the EACI than in the TEN-T EA or that more recruitment or missions take place.

The EACI also needs from much more technical and administrative support than the TEN-T EA (Administrative budget Title 3). These expenditures depend on the specific needs of the agencies. The EACI uses more support for developing their IT tools and for communicating for instance.

If we consider the operational budget managed by the agencies and their administrative budget to implement the programmes/network, we see that the TEN-T EA has to manage much higher budget than the other agencies. Indeed, each TEN-T grant could reach several million Euros. As we can see in the Table below, the EACI, compared to the EACEA and EAHC, has an administrative budget slightly lower to manage its operational budget.

Table 9: Ratio of the agencies' administrative budget by their operational budget (2008)

| | EACI | EACEA | EAHC | TEN-T EA |
|---|------|-------|------|----------|
| Administrative budget/operational budget | 3% | 7% | 9% | 1% |

Source: EACI, Work Programmes 2008, Activity Reports 2008 and contacts with the TEN-T EA

Qualitative data

We have asked both the Commission and EACI officials if the staff profiles fit to the job descriptions. Generally, they have stated that the Agency is able to attract the right profiles. High skilled and experienced project officers work in the Agency. However, some of the staffs are over qualified to do the work they are hired for. For example: there are master students in applied economics hired to execute payments. Indeed, for each vacancy, the Agency receives 250 CV's to be screened by the Heads of Unit so they can recruit the best profiles in their Unit.

Moreover the Director can shape its team to increase the efficiency of the Agency. For instance, in 2008, it was planned to have 144 FTEs (see Figure 3: Evolution of the EACI staff members per year – actual and planned) of which the Director decided to put 10 FTEs aside as a reserve for specific Unit's needs. Therefore it was estimated to have 134 FTE in 2008. The EACI is at end 2008 with 131 FTEs so the target of the Director is mostly achieved.

Nevertheless, the EACI is not so flexible to hire people. They have logically to follow the EC rules³⁹ but that could have negative impact on the talents retention in the Agency. The status of the Contract and Temporary agents are strictly defined in the Staff Regulations and the Agency has to respect them. Grade (I-IV) and respective salaries are strictly outlined and the Agency cannot offer extra wages and offer significant promotion to the most qualified and motivated officers. From this, it results a relatively high staff turnover (mainly for the Financial Officers (25%) and less for the Project Officers (10%)) in the first

³⁹ - Rules governing the hiring of contract agents are established by a Commission Decision of 7/04/2004

- Regulation No 31 (EEC), 11 (EAEC), laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community

months following the recruitment of officers and, consequently, additional workloads for the staff and the management. They have to put additional efforts in order to avoid losing know-how and constantly recruit and train new people.

About the adequacy between the resources and the Agency tasks, the Commission estimated the necessary resources for each Unit in the financial statement of the Agency and in annual *notes d'orientation* from the Commission. According to our interviews with the Agency Heads of Unit, it appears that, until the time of the evaluation, the Officers have not faced major problems while realizing their tasks but have worked under time pressure. The significant workload could reinforce the staff turnover issues.

Finally, we can state that, for newly integrated programmes/network, the Agency is fully operational but still in an adjustment phase e.g.:

- Set up of the Enterprise Europe Network and first call for of the eco-innovation pilot and market replication projects (priorities definition, launching and management of the very first call, etc.) in very close collaboration with the Commission (e.g. weekly meetings (only for Enterprise Europe Network animation tasks), daily exchanges of information);
- Recent transfer of market replication projects from IEE Unit⁴⁰ to eco-innovation Unit and the necessary reorganization;
- Management of the Marco Polo legacy including management of the 2008 Call as well as late payments of projects previously managed by the Commission.

As a result of this set up phase, the required number of staff to manage these programmes/projects is not fixed yet and is still growing and acquiring experience.

4.1.3.3. CONCLUSIONS

Overall, we can state that the Agency's resources are appropriate to achieve its objectives and to realise its tasks. We can draw the following conclusions about the adequacy between the agency resources and the achievement of their tasks:

- The number of EACI human resources to perform the Agency tasks is appropriate in quality and quantity but the workload and the turnover are significant. This may affect the efficiency of the operations and delay the achievement of certain tasks.
- The administrative budget is adequate if we compare it with other agencies. As the Agency did not face major obstacles to achieve their tasks and as it returned part (that is decreasing with times) of its subsidies in the past, we could consider that its administrative budget fits to its tasks;
- The structure of the Agency with a Resources Unit and different Operational Units is adequate considering the different programmes and the economies of scale created by a horizontal support Unit.

4.1.4. TO WHAT EXTENT IS THE FRAMEWORK OF THE AGENCY RELEVANT AND APPROPRIATE IN VIEW OF SATISFYING THE NEEDS OF THE BENEFICIARIES?

4.1.4.1. INTRODUCTION

For this evaluation question, we defined the following judgement criterion:

- Coherence between the needs and expectations of the beneficiaries and the Agency's features notably: Flexible processes (including payment);
 - Availability of specific skills;
 - Support including site visit;
 - Accuracy of the policy inputs from the projects to the Commission.

⁴⁰ Market replication projects are an integral part of IEE II programme implementation, which was not open in the previous Work Programmes (2007 and 2008). They represent a new type of projects in the programme and their role is to complement "Promotion and Dissemination Projects".

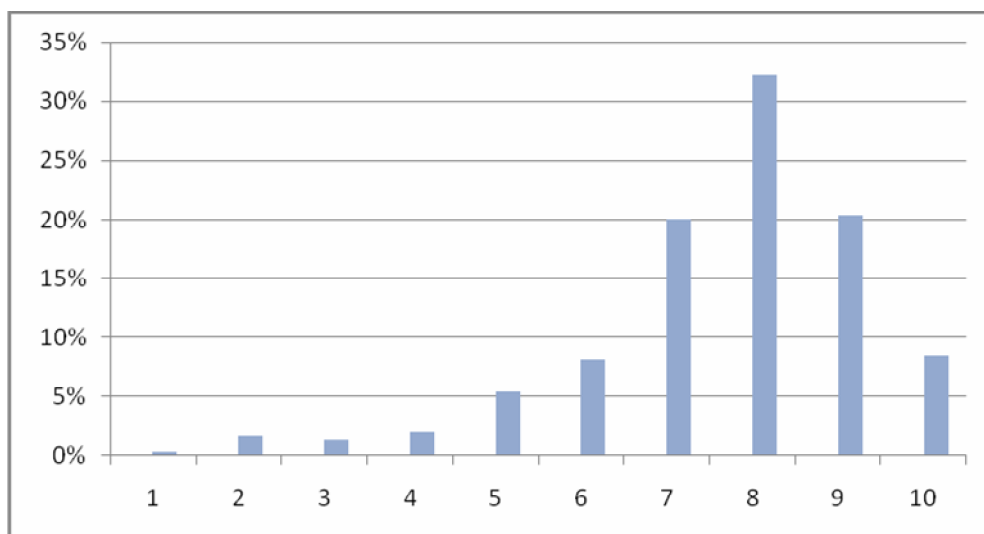
We present in this section the overall level of satisfaction of the beneficiaries in order to identify their needs and to compare them with the framework provided by the Agency. Detailed analysis on the different Agency features is presented in section 4.2.3. It concerns the services to the beneficiaries and the Commission, in terms of overall quality, timeliness, accuracy, and transparency. Comparison between the current and the previous situation is analysed in the Cost Benefit Analysis section (section 4.5).

4.1.4.2. DATA AND FINDINGS

Quantitative data

In the surveys towards the beneficiaries of the programmes/projects managed by the Agency (IEE, Marco Polo and eco-innovation pilot and market replication projects), we have raised the question on their overall level of satisfaction on the quality of the services delivered by the EACI. We present in the Figure below their answers to this question.

Figure 6: Overall level of satisfaction of the beneficiaries



Source: Web based Questionnaire, number of replies 295 (IEE Project coordinators (174), IEE National Contact Points (13), Marco Polo Project Lead Partners (34), eco innovation call proposers (74)) – Scale from 1 (very bad service) to 10 (very good service).

As we can see, the overall level satisfaction of the beneficiaries is high. 80% of the respondent rate the services provided from 7 to 10. We invited the respondents⁴¹ to specify what they mostly appreciate in their cooperation with the Agency:

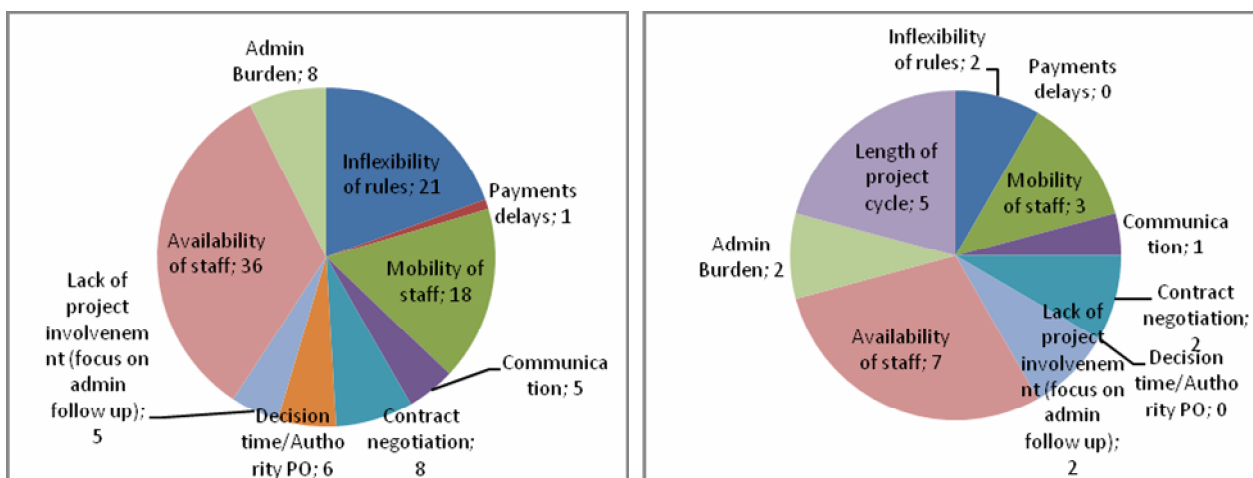
- The expertise of the EACI staff and the fact that they understand the projects and its context were strongly underlined;
- The availability of the staff was very often mentioned, they generally give fast and personalized response (by e-mail);
- The EACI procedures are clear and understandable for most of the respondents;

⁴¹ IEE National Contact Points, IEE Project Coordinators, Marco Polo Lead Project Partners. We have not addressed this question to the eco-innovation call proposers because they have not yet experienced real cooperation with the EACI.

- The EACI staff is perceived as pragmatic; they cooperate with the project leaders and do not act as controllers. They try to ease the projects by supporting the project leaders at all stages of the project;
- Dissemination of the project activities, exchange with the project promoter (networking), visibility of the programmes were also emphasized;
- The friendliness and open attitude of the EACI staff were underlined as well.

We have also addressed the opposite question to the same respondents, i.e. what they do not appreciate in their cooperation with the Agency. We could interpret the responses that we received as their unsatisfied needs towards the Agency. The question was not mandatory so only people who had something negative to comment did it. For instance five IEE national Contact Points of eighteen answer this question. All mention the availability of the staff as a weak point. We present in the figures below the answers of the IEE Project coordinators and Marco Polo Project Partners.

Figure 7: Survey question: What do you not appreciate in your cooperation with the Agency (Left Figure: IEE Projects Coordinators – Right Figure: Marco Polo Lead Partners)



Source: Web Based Surveys (104 comments -32 comments)

Paradoxically, one of the main positive aspects of the service – the staff availability – is also considered by part of the respondents (36 out of 208 of the IEE project coordinators group and 7 out of 43 of the Marco Polo project lead partners group) as an important weakness of the Agency. The inflexibility of rules and the mobility of staff come in second and third position. In the Marco Polo survey, the length of the project cycle was also mentioned as a weakness but it could partly be attributed to the programme transfer from DG TREN to EACI that took time and produced important delays.

By analysing both negative and positive aspects of the services delivered by the Agency, we can identify the beneficiaries' expectations towards the Agency. According to the comments that we received by the beneficiaries, the ideal services they are expecting from the EACI should be characterised as follows:

- **Availability of staff** : the Officers (POs and FOs) should quickly reply by phone and e-mail to their questions and visit regularly their projects (e.g. once a year);
- **Flexibility of rules**: the Agency should not be bureaucratic. Its rules should be flexible enough to comply with the reality of the projects;

- Provide personalised **guidance** to the project leaders/coordinators: the Agency should provide templates for the different reports and guidelines. The Officers should accompany the project and not act as controller;
- **Expertise of the staff:** the Officers should be pragmatic and understand the content and context of the projects so that they are able to find rapid solutions to their problems. They should have enough authority to take decision on the project management issues;
- **Stability of the staff:** the project responsible Officers in the Agency should be the same during all the whole project implementation. It would ensure a constant level of know-how in the Agency and a good project follow-up;
- **Communication** to other potential users of the results of the projects to ensure their development on a large scale.

Qualitative data

Our interviews and the workshop with the EACI management gave us indications to determine whether the Agency framework is relevant to the beneficiaries' needs defined above. We complement these indications with comments received from the surveys.

The Agency framework is composed by Officers specifically dedicated to manage the projects funded by the programmes (IEE, Marco Polo), the Enterprise Europe Network and the eco-innovation pilot and market replication projects. The Agency employs highly qualified and experienced experts to do so and both the Commission and the project beneficiaries recognise this expertise.

Considering its financial resources, and human resources framework, the Agency is logically not able to respond to all the requests and expectations of the beneficiaries. Nevertheless, within this framework, the Agency management put in place appropriate rules and flexible tools thanks to the experience they collected at the Commission and IEEA time. For instance:

- In order to increase the availability of the staff on a specific project, they have created a pool of Project Officers that are in charge of the project. The project coordinator can more easily contact someone from the pool. The flip side of the coin is that it creates confusion for the beneficiaries as they have the feeling that the responsible project officer moves.
- As the programmes and projects remain under the supervision and policy guidance of the Commission (at operational and management level), EACI does not have the possibility to completely adapt and modify the rules and procedures requested by the Commission. Nevertheless, they put in place simplification procedures in order to lighten the reporting and duties of the beneficiaries. The procedures are compiled in guidelines to the beneficiaries and applicants but changes in the guidelines seem to not be communicated so beneficiaries have to reread each time all guidelines.
- The staff turn-over in the Agency (FOs and POs) is relatively high and especially during the trial period of the Officers (mainly concerning the FOs, 25%). The main reason for this type of turn-over consists of the better opportunities offered to the Officers. This turn-over is coupled with an internal turn-over within the Agency Units. It creates instability of the staff and a bad perception from the beneficiaries. The Agency is aware of this issue and tries to improve the situation of the Officers by allowing promotion to a higher grade⁴².

⁴² Agenda of 14th meeting of the Steering Committee (22nd February 2008), 5th and 6th points.

- In order to improve the projects' results dissemination, the Agency succeeds in developing projects databases available on-line and communication materials, including web site with relevant information. The Agency constantly evaluates its communication in order to adapt it to the stakeholders' needs. According to the comments that we received from the surveys, 94% of the respondents (IEE Project Coordinators, IEE National Contact Points, Marco Polo Project Leaders, Eco-Innovation proposers) states that the available information (website, brochure, leaflets, etc.) is a good promotion of the programmes. The Info days were also particularly appreciated by the beneficiaries as well as to allow opportunities for exchanges of experience among stakeholders.

4.1.4.3. CONCLUSIONS

Considering the framework (financial, HR, regulatory...) of the Agency, we could say that the Agency was able to adapt its own structure and mechanisms in order to satisfy the needs of the beneficiaries. The Agency has developed continuous processes to adapt itself via simplification analysis and constant listening to the beneficiaries.

Until the time of the evaluation, the Agency was constantly growing due to the transitional period that followed the transformation of the Agency in 2007. It created sometimes misunderstanding for the beneficiaries that were not always aware of these changes.

If we consider the point of view of the beneficiaries, even if they are very satisfied by the Agency's services, some of their expectations towards the Agency are very high: it could do more to develop ad hoc tools, procedures or assistance. The Agency is in that context limited by its available staff and their own rules requested by the Commission. Moreover, it was not created to take the role of a consultancy company.

4.2. Effectiveness

In the Terms of Reference, five evaluation questions were defined:

- To what extent do the actual operations of the Agency correspond to the elements defined in the Act of Delegation?
- To what extent has the Agency achieved the objectives set out in its work programme and the Work Programme of the Programmes?
- To what extent has the establishment of the Agency led to better managed and improved services to the beneficiaries and the Commission, in terms of overall quality, timeliness, accuracy, and transparency, compared to the situation before the Agency took over the responsibility of delivery? Any unexpected benefits or negative issues to be distinguished?
- To what extent has the Agency been able to create and exploit synergies, simplifications and economies of scale in the management of the different programmes and thus increase efficiency?
- To what extent has the outsourcing of management tasks – allowing the Commission to further focus on its institutional tasks – put the Commission in a better position to contribute to the effectiveness of the programmes covered by the Agency?

Keeping in mind the overall focus on the Agency's and the programmes' objectives, the utility to the Commission and the organisational set-up (relation Commission-Agency (Director, Steering Committee, etc.)), we will address each evaluation question in more detail below following the structure as described in the introduction of this section (evaluation question – introduction, data, conclusions).

4.2.1. TO WHAT EXTENT DO THE ACTUAL OPERATIONS OF THE AGENCY CORRESPOND TO THE ELEMENTS DEFINED IN THE ACT OF DELEGATION?

4.2.1.1. INTRODUCTION

For this evaluation criterion we have defined the following judgement criteria:

Extent to which the Agency's current activities are in line with what has been defined in the Act of Delegation⁴³:

- Effective implementation of the appropriations on budget lines as defined in Article 3 of 2007/3198/EC;
- Effective link between the operations undertaken by the Agency and the management tasks as described in Article 4 of 2007/3198/EC;
- Effective link between the operations undertaken by the Agency and the budget implementation tasks as described in Article 5 of 2007/3198/EC.

To reply to this evaluation question we relied on the Agency's work programmes, activity reports and the act of delegation.

4.2.1.2. DATA AND FINDINGS

Effective implementation of the appropriations on budget lines:

Under Article 3 of 2007/3198/EC, the six budget lines on which certain appropriations are to be managed by EACI are the lines of IEE I, IEE II, IEE I-Coopener, Marco Polo I, Marco Polo II, and CIP EIP.

According to the 2007 EACI Annual Activity Report, in the first half of the year 2007, the Agency's activities were limited to the management of IEE I, IEE II, and IEE I-Coopener. Nevertheless, according to the report, by the end of the year, EACI had achieved full autonomy also for the implementation of IEE II, and as of 1st November 2007, EACI was authorised to implement the appropriations for the Network grants (on the EIP 020201 line).

According to the Annex to the 1st Quarterly Report 2008 (January-March), until 1st March 2008, where EACI took over the responsibility of the implementation of the EIP eco-innovation pilot and market replication projects, only the commitments related to the IEE I, IEE II, IEE I-Coopener and EIP-Enterprise Europe Network programmes were being carried out.

According to the 2nd Quarterly Report 2008 (April-June), in that period of time, the Agency was implementing the grants for the IEE I, IEE II, IEE I-Coopener, EIP-Enterprise Europe Network, EIP-eco-innovation, Marco Polo I and Marco Polo II programmes. However, lack of access to ABAC for Marco Polo I and Marco Polo II had delayed payments for those programmes.

Effective link between the prescribed management tasks and the Agency operations:

⁴³ As Act of Delegation we will refer to Commission Decision 2007/372/EC (amending 2004/20/EC) and Commission Decision 2007/3198/EC

Commission Decision 2007/ 372/EC transformed the IEEA into EACI. Article 4 defined the implementation tasks that the Agency was responsible for and it defined for which Community actions in the field of energy, entrepreneurship and innovation, including eco-innovation and sustainable freight transport. These were the following:

- Managing all the phases in the lifetime of specific projects not only in the context of the EIP (IEE II and MP II) but also IEE I (2003-2006) and MP II (2003-2006);
- Adopting instruments of budget implementation for revenue and expenditure and carrying out all the operations necessary to manage the implementing measures (award grants and contracts for CIP and MP Programme II);
- Gathering analysing and passing on to the Commission all the info needed to guide & evaluate the implementation of CIP and II MP.

Then, the Decision 2007/ 3198/EC delegated powers to the EACI with a view to performance of tasks linked to IEE I, MP I, CIP and MP II programmes. Therefore, the Agency was responsible to perform the programme implementation tasks mentioned above but also had to provide information to the public and the Commission. With regard to EIP, the agency is not only in charge of the project management of the business and innovation support structures, but also of animation thereof, including:

- Support to the governance of the network;
- IT tools and databases;
- Network communication, information & support;
- Training (preparing an operational training plan);
- Quality and reporting systems.

According to the 2007 EACI Annual Activity Report, in 2007, for the IEE I, IEE II and IEE I-Coopener programmes, EACI covered all tasks of Project Cycle Management (PCM), information to the public and to the Commission. However, during that period, partly for the EIP and for Marco Polo I&II programmes, management tasks remained fully in the hands of the parent DGs.

According to its 1st 2008 Quarterly Report, EACI covered all management tasks for IEE during the reporting period. Partly for the EIP and for Marco Polo programmes, management tasks were gradually transferred from the parent DGs.

Finally, according to the 2nd 2008 Quarterly Report, by the end of the second quarter the handover of the management tasks for all programmes was complete, except for the IT tools for the Enterprise Europe Network which remained under the responsibility of DG ENTR.

Effective link between the prescribed budget implementation tasks and the Agency operations:

Commission Decision 2007/3198/EC defined in its Article 5 the Budget implementation tasks, covering revenue and expenditure for which the Agency was responsible, within the meaning of the general Financial Regulation and all necessary operations for implementing the parts of programmes entrusted to in, and in particular those connected with the award of contracts and grants. This article enumerated various tasks to be mainly carried out by the Agency: (a) to conclude public procurement procedures and (b) award agreements, except contracts and agreements concerning subjects which come under the exclusive competence of the Commission and manage the ensuing agreements.

According to its 2007 Annual Activity Report, the EACI also carried out most of the budget management tasks of concluding public procurement procedures and awarding grants for the IEE I & II programmes⁴⁴. For the EIP and Marco Polo programmes, budget implementation remained in the hands of the parent DGs.

According to the 1st 2008 Quarterly Report, the EACI also covered most of the budget management tasks for IEE, and gradually took over those tasks for EIP. However, takeover of budget management for the Marco Polo programmes was hampered by IT problems (ABAC).

Finally, according to the 3rd 2008 Quarterly Report, by the end July 2008, the handover for EIP was complete. The late access to the ABAC budget management system delayed payments in the Marco Polo I & Marco Polo II programmes. These delays will take time to recover.

4.2.1.3. CONCLUSIONS

The Agency has gradually taken charge of most of its prescribed tasks and all operations of the Agency corresponded with the elements defined in the Act of Delegation.

4.2.2. TO WHAT EXTENT HAS THE AGENCY ACHIEVED THE OBJECTIVES SET OUT IN ITS WORK PROGRAMME AND THE WORK PROGRAMME OF THE PROGRAMMES?

4.2.2.1. INTRODUCTION

For this evaluation question we defined the following judgement criteria:

- Comparison between the annual priorities and challenges set out in the EACI annual work programmes and the actions achieved by the Agency itself;
- Comparison between the annual priorities and challenges set out in the Programmes annual work programmes and the actions achieved by the Programmes.

For the second judgement criteria, we proposed in our methodology to analyse the evaluation reports of the programmes that should have analysed in details the effectiveness and the implementation of the individual programmes. At the moment of the present evaluation, no programme evaluations have been performed since the integration of the new programmes/projects in the Agency.

We have focused our analysis on the comparison between the Annual Work Programmes (AWP) of the Agency and its Annual Activity Reports⁴⁵ (AAR) and on the interviews of the Commission and EACI officials.

This section gives a general overview of the effectiveness of the Agency mainly based on desk research and the perception of the interviewees. The next parts of the section '4.2. Effectiveness' give an in-depth analysis of the Agency's effectiveness.

4.2.2.2. DATA AND FINDINGS

The AWP of the Agency define two different type of activities – management and operational – including different objectives. For each objective, key indicators are defined.

⁴⁴ Only 1 Call for tenders published in September 2008 and managed by the EACI

⁴⁵ The 2008 Activity Report was logically not available at the time of the evaluation.

We present in the Annex 1 the Table with the detailed comparison between the AWP and the AARs for 2005-2007. This Table presents the outputs from the key indicators demonstrating the (non) achievement of the objectives. Considering that 2008 AAR was not available yet, we have based our analysis on oral information and the Quarterly reports.

You will find below the results of this detailed analysis for each type of activity and each type of objectives:

1. Management activities:

- *To implement and execute the principles of good management/sound financial management:*

The Agency effectively implemented these principles. During the first year of the IEEA, the Agency management put in place the financial circuit and was fully autonomous for implementing the operational budget. The administrative budget was not transferred before January 2006 and the EACI worked under the DG TREN budget. In 2006, they applied an internal control system compliant with the 24 Internal Control Standards defined by the Commission and set up the manual on contractual and financial procedures.

Overall, the Activity Reports do not reported major issue on the financial management. The Agency is considered as highly qualified to manage its budget.

- *To ensure necessary human resources and training*

In 2005, the IEEA launched an important recruitment campaign and the majority of the staff members were recruited but without reaching the staff size that was foreseen. Each year, the Agency staff size was lower than foreseen. The rules for personnel management and the Staff performance evaluation system were set-up later than foreseen in the Work Programme. According to the Agency management, the limited number of staff did not impede the overall Agency effectiveness.

As from 2006, the IEEA regularly developed job descriptions and carried out training activities. The Agency staff is considered as highly qualified, the training activities mainly deal with IT, languages (EU official languages) and general training.

- *To manage the administration of the Agency*

The Agency's organisational structure was adopted by the Steering Committee on 22 December 2004. DG TREN assisted the Agency in its (financial) administration during the first years.

Except for difficulties due to different office locations and some delays in the signature of service level agreement with DGs, the Agency was autonomous as from 2006 and was effectively managed.

- *To ensure close coordination with parent-DGs and the Steering Committee*

This objective was included in the Agency's Work Programme as from 2007 due to the increase of the parent-DGs number. In order to ensure close coordination with parent-DGs and to clarify the communication level between the Agency and them, it appeared essential to develop communication guidelines. Moreover regular bilateral meetings between Agency and parent-DGs (mainly DG ENTR and DG ENV) took place. In 2008, these bilateral coordination meetings with Agency and "new" parent-DGs continued to

regularly take place. Some interviewees consider that these meetings are to some extent necessary but should decrease with time in order to ensure the autonomy of the Agency and the effectiveness of its operations.

From the beginning of the Agency, the Steering Committee met four times per year in order to take the necessary decisions relating to Agency's management and supervision. The coordination with the Steering Committee is considered as very effective.

2. Operational activities:

- *To execute and monitor the grants and calls for proposals under the programmes and ensure their overall management*

In the first year of the Agency, 2005, the operational management was only carried out in proportion to the number of Project Officers and Financial Officers that were so far recruited by the Agency. DG TREN was still involved in the implementation of the grants for the 2003 IEE and in the execution of the 2004 IEE call for proposal. The Agency succeeded in monitoring the 2004 call and in executing and monitoring the 2005 call. The Agency effectively and completely managed the next calls. The Agency also succeeded to create a new project database that is more powerful than the previous IEE IntelBase.

In 2007, the Agency started to manage part of the CIP-Entrepreneurship and Innovation Programme (EIP). The Agency did not acquire the capacity to assume full "autonomy" for the Enterprise Europe Network in 2007. Only limited tasks related to budget implementation for the "project management" were performed. At the moment of the evaluation, DG ENTR continued to be deeply involved in the management of the network. In 2008, the eco-innovation pilot and market replication projects were delegated and the first call for proposals was closed in September with the support of the DG ENV but also numerous other DGs (ENTR, ECFIN, TREN, REGIO, RTD) that openly contributed to the programme priorities definition.

Regarding the Marco Polo I and II programmes, some tasks already foreseen for the Agency in its 2007 work programme were still carried out by the parent DG this year. Only one additional staff member has joined the Unit by end of December 2007 which made the full "autonomy" impossible. The work programme as well as the call 2008 were published under DG TREN responsibility early February 2008. The deadline for projects applications was 7 April 2008. EACI has taken since then the complete responsibility of the management follow-up. This means that EACI organised the official opening, the external expert's evaluation process, the final evaluation and the endorsement of the proposed list by the Director. In 2008, Marco Polo I suffered from important payment delays (71% of late payments) due to the long transfer period from the Commission to the Agency. Marco Polo II faced 17% of late payments.

Finally, the Court of Auditors stated⁴⁶ that the Agency has had a positive impact on IEE client satisfaction and it made some recommendations regarding the projects monitoring (*"monitoring which looks beyond individual projects and assist in forming a view of a programme as a whole, and responds to the announced objective of the programme"*).

- *To publish and disseminate information about the programmes*

⁴⁶ Information Note of the European Court of Auditors concerning Special Report n° 7/2008 on Intelligent Energy 2003-2006, Luxembourg, 23 September 2008 - ECA/08/18

As from 2005, the IEEA conceived a communication programme and the IEE programme website was restructured and made more user-friendly. With years, different communication materials and channels were developed (newsletter, info days, web site, brochure, databases). A framework contract for information and dissemination activities and also four specific contracts for audiovisual production, creation of information material, support for events and project database development were signed end of 2006 (a bit later than foreseen).

- *Feed-in of recommendations to Commission to guide the implementation of the programmes*

The Agency frequently reported to its parent-DGs the information that the management estimated as relevant for the implementation of the programmes. Over the first years, the IEEA staff participated in the IEE II Task Force, in charge of preparing a draft IEE II Work Programme 2007. They contributed to the IEE Programme Committee works of DG TREN.

With time monthly reports became quarterly and included reporting for all programmes managed by the Agency. A specific section is related to the effectiveness of the monitoring systems.

- *To create and enhance synergies between the programmes managed by the Agency*

This objective was included in the Work Programme following the integration of additional programmes/projects in 2008. An information note to the EACI Steering Committee on the creation and enhancement of synergies in the management of programmes by the EACI as discussed in the Steering Committee of 22 December 2008, indicates a series of synergies created or enhanced in the administration of the Agency, and the Programme Cycle, in the communication of the Agency and between the programmes managed by the EACI (see section 4.2.3. on the creation of synergies).

4.2.2.3. CONCLUSIONS

The Agency succeeded in reaching the objectives defined in its Work Programmes. Some annual objectives were fully achieved later than foreseen due to delays in recruitment or budget transfer from the Commission to the Agency, but generally it did not impede the Agency's (and consequently, programmes) functioning. The Agency has also to implement the EC standard and DGs legacy (e.g. different management approaches, procedures, payment delays). Several of them are considered burdensome and time-consuming by the Agency.

Additional objectives were integrated in the Work Programmes.. The increasing number of parent-DGs had a direct impact on this phenomenon. Creation of synergies and close coordination with parent-DGs are typically new objectives as some parent-DGs are expecting regular communication with them and between them with the Agency's support. So far, the Agency has put in place communication procedures and investigated potential synergies between the programmes. The high level of coordination that is needed, especially for cooperation with the new parent-DGs should decrease with time when the new programmes/projects will become more routine.

4.2.3. TO WHAT EXTENT HAS THE ESTABLISHMENT OF THE AGENCY LED TO BETTER MANAGED AND IMPROVED SERVICES TO THE BENEFICIARIES AND THE COMMISSION, IN TERMS OF OVERALL QUALITY, TIMELINESS, ACCURACY, AND TRANSPARENCY, COMPARED TO THE SITUATION BEFORE THE AGENCY

TOOK OVER THE RESPONSIBILITY OF DELIVERY? ANY UNEXPECTED BENEFITS OR NEGATIVE ISSUES TO BE DISTINGUISHED?

4.2.3.1. INTRODUCTION

For this evaluation question, we defined the following judgement criteria:

- Extent to which the Agency delivers better quality in its Programmes management than before the Agency took over the responsibility;
- Extent to which the timeliness of the Agencies Programmes management is better than before the Agency took over the responsibility.

However, we will compare the performance of the Agency with the performance when the services were delivered by the Commission DGs in the Cost Benefit Analysis section. In this section we will therefore only describe the performance of the Agency in terms of overall quality, timeliness, accuracy and transparency over the last three years. The part of the evaluation question on unexpected benefits or negative issues to be distinguished due to the creation of the Agency will also be discussed in a later section (section 4.4.1 on other impacts).

In this section we present data collected via the web based surveys towards the IEE project coordinators, Marco Polo lead partners and eco-innovation project proposers. This data will be complemented with the presentation of data received from the Agency and the opinion of Commission officials.

As described in a previous section, the overall satisfaction with the performance of the Agency is high. This overall finding will be analysed in more detail by looking into the quality, timeliness, accuracy and transparency provided by the service of the Agency. For each of these elements, we present indicators which will enable us to formulate a conclusion.

4.2.3.2. DATA AND FINDINGS

Quality of the EACI's service

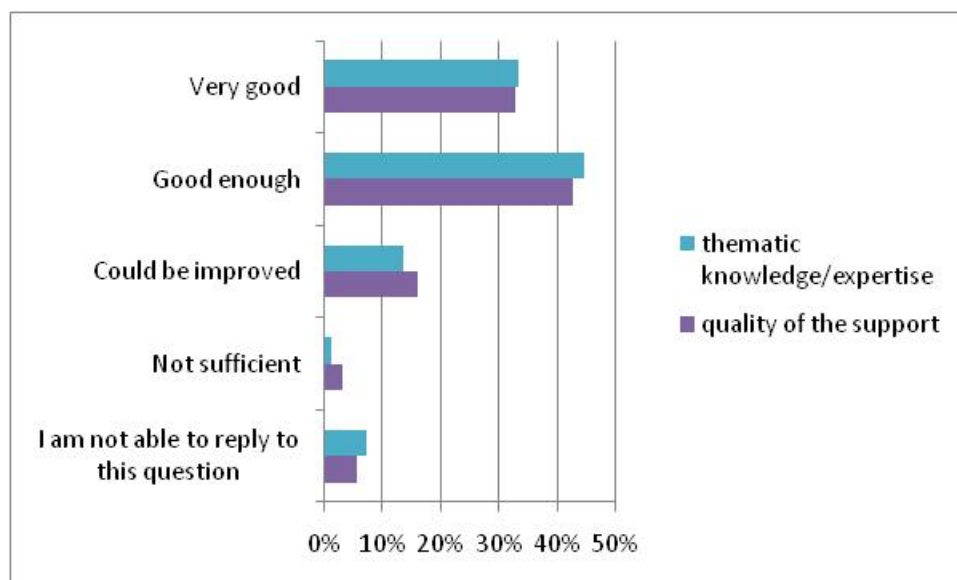
The direct services towards the project coordinators/lead partners/proposers are provided by the Project Officers and the Financial Officers working in the different operational units of the Agency. We can see from the Figure below that both the quality of support from the Project Officers (PO's) and Financial Officers (FO's) as well as the thematic knowledge from the Project Officers is perceived to be very good or good enough.

The general feedback received was that the service is professional and that the Project Officers and Financial Officers are capable of providing knowledgeable and precise answers to questions and have enough thematic knowledge to have relevant discussions during the negotiation phase⁴⁷. Some remarks were made on the knowledge of sectoral issues but it was understood by the respondents that the Project Officers cannot be an expert in each detailed project objective or in all specificities of the different Member States' contexts.

Also the assistance of Project Officers or Financial Officers at a project meeting to explain procedures is much appreciated. This should preferably occur at the early stages of the project implementation.

⁴⁷ The negotiation phase is part of the Project Management Cycle and consists of the negotiation of the Grant Agreement between the beneficiary and the EACI

Figure 8: Survey Questions: The quality of the support received from the EACI staff during the execution of the project is ... (please complete by choosing one of the options) and the level of thematic knowledge/expertise of the EACI staff (Project Officers) is... (please complete by choosing one of the options)

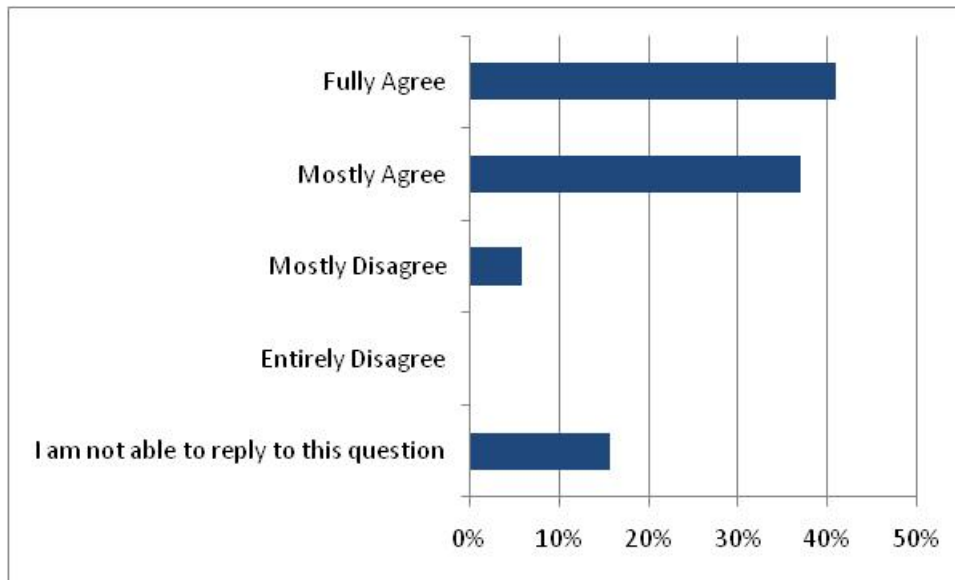


Source: Web Based Survey (IEE project coordinators and Marco Polo Lead Partners, 201 responses – quality of support) and Web Based Survey (IEE project coordinators, Marco Polo lead partners and Eco Innovation project proposers, 275 responses- thematic knowledge/expertise)

Another element we looked at in the web survey was the ability of the Agency to find solutions when problems were encountered during the project implementation. In the Figure below, you can see that this is much appreciated. In particular the ‘one stop shop’ principle was appreciated where project coordinators or lead partners can raise their questions to the Project Officer who then looks for the answer/solution within the EACI and provide the answer/solution back to the coordinator/lead partner⁴⁸.

⁴⁸ As indicated in the job description of the Project Officers: “Act as the principal interlocutor of the beneficiaries during the implementation of the agreement, handling all in-coming mails, including those with legal or financial contents.”

Figure 9: Survey Question: When a problem is encountered during the project implementation, the EACI staff is in most cases able to help find a solution (please choose the most appropriate statement)



Source: Web Based Survey (IEE project coordinators and Marco Polo lead partners, 202 responses)

As a last element we also raised the question to the Commission officials and overall the feedback received on the quality of the EACI was very positive. The EACI is seen as to have high quality staff which should enable the Agency to provide the necessary services towards the programme beneficiaries at a satisfactory quality level.

Timeliness of the EACI's service

As an indicator for the timeliness of the service of the EACI we used the availability of the Agency to answer questions from the programme beneficiaries and the percentage of payment delays based on indicators received from the EACI as well as the payment delays as perceived by the IEE programme beneficiaries.

We can see in the Figure below that in general the availability of the EACI's staff to answer questions is perceived to be very good or good enough by most of the programme beneficiaries. Qualitative statements that were made indicated that:

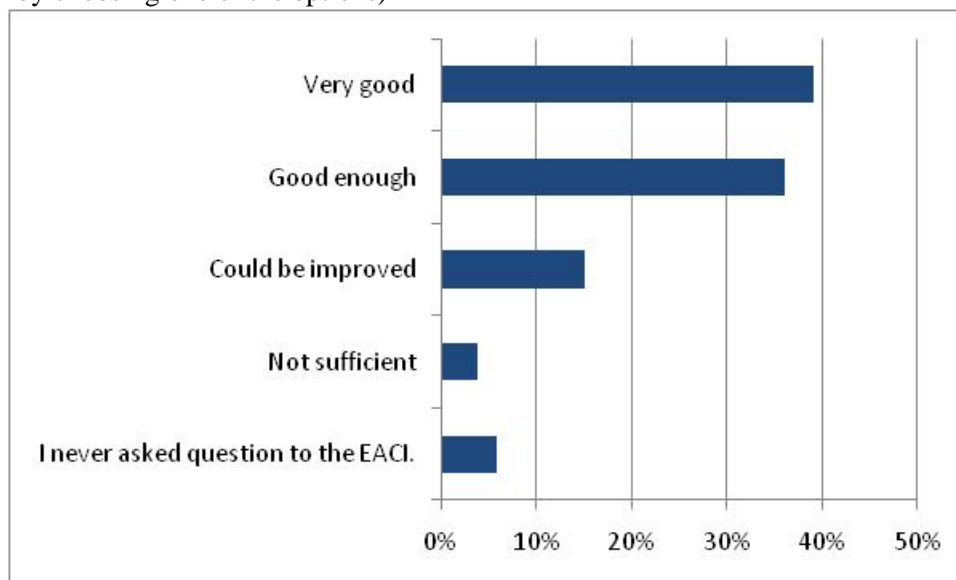
- Staff is present at important project events when invited;
- Quick replies are provided on administrative issues.

According to the EACI, the fact of having an Agency that is only responsible for the management of a programme is one of the main reasons for this high availability. At the Agency there is full focus for the Project Management and availability for the programme beneficiaries is an important element of this. As an example we received the following information from the EACI management:

- Within the Marco Polo Programme the objective is to visit the projects each year with a check list; within the IEE project, the projects are visited once in the life cycle.
- During the call for proposals in 2008, the Eco-Innovation Unit received 980 web queries. Five persons in the Unit spent 70% of their time to respond to the questions.
- For the 2007 call the Marco Polo Unit received 100 questions (via mail) and normally replied in less than 24 hours.

However, throughout comments on different questions raised in the survey, remarks were made showing that programme beneficiaries felt that Project and Financial Officers are often overloaded and therefore were not always able to make time available to answer questions in time. Some respondents mentioned that they had the feeling the Officers were often on mission.

Figure 10: Survey Question: The EACI staff's availability to answer questions is ... (please complete by choosing one of the options)



Source: Web Based Survey (IEE project coordinators, Marco Polo Lead Partners, IEE National Contact Points and Eco Innovation Project Proposers, 291 responses)

Feedback from the Commission officials indicates that there were no issues regarding timeliness of the formal reporting towards the Commission DGs.

In the table below we present data regarding the timeliness of the payments towards the programme beneficiaries. A more detailed overview of the payment delays can be found in annex 3. We received useful data for the years 2006, 2007 and 2008. In the below analysis we will focus on the IEE programme and the Enterprise Europe Network and we will not discuss the Marco Polo Programme and Eco-Innovation programme that were launched in 2008.

We can see that there is an important increase in number of payment delays between the years 2006 and 2007 and an important decrease in the year 2008. When we use more detailed data (annex) we can see that the decrease in 2008 is caused by the good figures for the Enterprise Europe Network which compensate for the payment delays encountered in the IEE programme. The main reasons, mentioned by the EACI, for the payment delays are:

- For the moment there is a 100% control in place which means that each of the commitments under the operational budget is verified by the Financial Controller. The assessment of the Financial Controller can be found in the outer right column of the table. We can see that overall the number of negative evaluations is decreasing. When analysed in more detail (annex), we can see that the number of negative evaluations is decreasing for both the Enterprise Europe Network as well as the IEE Programme;

Evaluation of the first three years of operation of the EACI (ex-IEEA)

- The typical workflow for a commitment transaction under the operational budget ⁴⁹ requires that a significant number of resources are available to enable a fast administrative treatment. Often more than four signatures are needed before a payment can be executed which necessitates that all persons with signature authority are available to sign the necessary documents;
- In the beginning of 2008 there were IT problems encountered which made it impossible to execute payments within the IEE programme for three months.

The EACI management is aware of the importance to decrease the number of payment delays and has, besides a strict monitoring which is discussed elsewhere in this report, put in place administrative simplifications. A first simplification which was introduced within the IEE programme was the introduction of a second pre-financing at project mid-term which decreases the risk for payment delays at the end of the project as the final payment dossier becomes less administrative. Another process simplification which is currently proposed by the EACI management is the introduction of a sampling control by the Financial Controller whilst the Senior Financial Officer will do a 100% control.

Table 10: Payment Delays

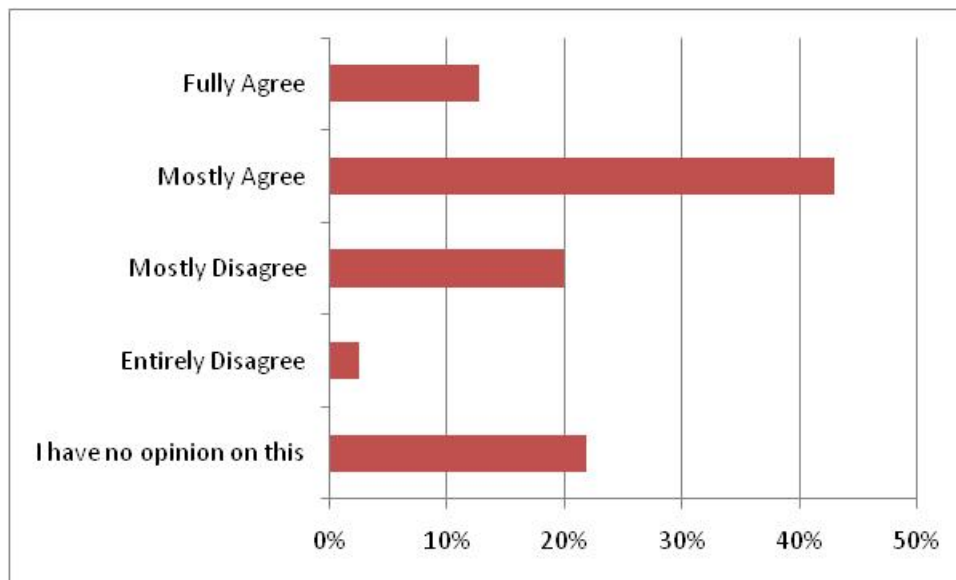
| YEAR | Programme | # payments | % payment delays (% objective) | Average Payment Delay (# days) (objective number of days) in | Negative evaluation by Financial Controller (%) (%) objective) |
|--------------|--------------------------------------|------------|--------------------------------|--|--|
| Jan-Dec 2006 | IEE I | 254 | 9 | 28 | 11 |
| Jan-Dec 2007 | IEE I, II and EEN | 296 | 22 | 36 | 9 |
| Jan-Sep 2008 | IEE I, II, Eco Immo, MPI, II and EEN | 363 | 15 (15) | 34 (35) | 6 (7) |

Source: EACI (Enterprise Europe Network is abbreviated as EEN in the table)

The figures above are confirmed by the answers by the IEE project coordinators as indicated in the Figure below where we can see that 20% of the coordinators indicate that the EACI does not manage to pay on time. However, more than 50% indicated the EACI manages to pay on time, whilst over 20% of the respondents do not have an opinion on the payment delays.

⁴⁹ As described in the IEE Manual on contractual and financial procedures, a commitment transaction of the operational budget requires the initiation of the Project and Financial Officer, a first verification by the Operational Verifying Agent and the Senior Financial Officer, a second level verification by the Legal Advisor and the Financial Control Officer and the Authorisation by the Director.

Figure 11: Survey Question: The EACI processes, in a reasonable period of time, the evaluation of Interim and Final reports and therefore succeeds to pay on time.



Source: Web Based Survey (IEE project coordinators, 165 responses)

Accuracy of the EACI's service

As a measure for the accuracy of the EACI's service we raised questions on the clearness of the call text, the usefulness of the Guide for proposers and the easiness to use the online proposal submission tool EPSS which was introduced by the EACI in 2008. Overall, we can see that the judgement by the programme beneficiaries is very positive on each of the elements. The call texts are for most of the respondents clear and understandable, the Guide for Proposers is seen as useful when completing the proposal and for those that used the online submission tool EPSS, the experience was positive. For each of the elements analysed, we have identified some comments which were mentioned by more than two respondents to the survey or suggestions made, which seem useful for consideration.

For the call text we can add the following qualitative data:

- Some of the respondents indicated that the elaboration of a proposal is a difficult exercise when it is the first time that a proposal will be submitted, whilst more experienced respondents indicated that their experience helped a lot when submitting a proposal;
- Another element raised by some proposers was the language issue. Where for some project proposers the (technical) English used was not always easy to understand.

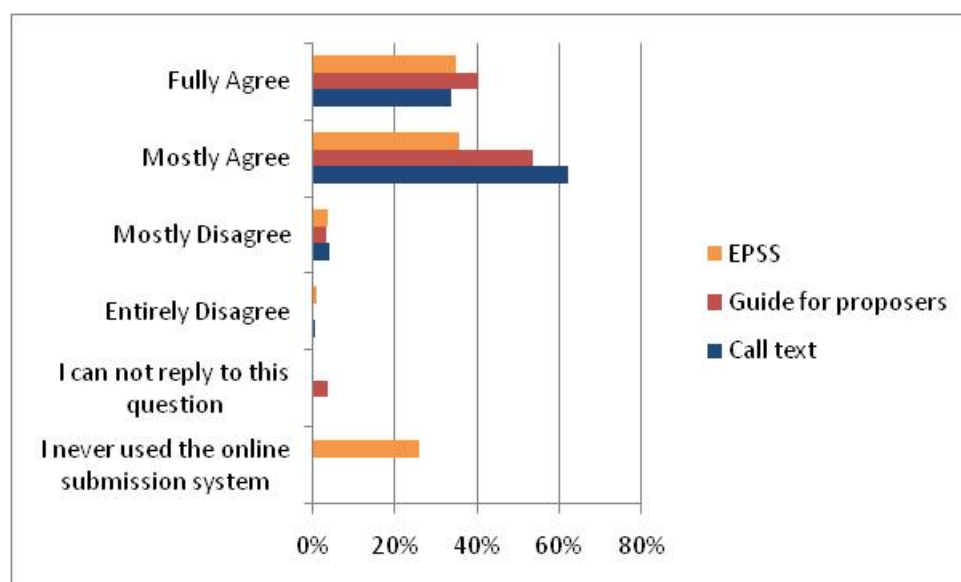
For the Guide for Proposers we can add the following qualitative data:

- The introduction of a "What's new" section as soon as a new guide and call for proposals comes out would avoid, for experienced project proposers, having to read all documentation in full.

For the online submission tool EPSS we can add the following qualitative data:

- The introduction of the online submission tool avoids a lot of stress at the final submission day as the documents do not have to be delivered at the postal office. However, for those companies facing a '*force majeure*' (e.g.: a break down in the internet connection) when submitting the proposal it would be useful to be offered a fall back option.

Figure 12: Survey Question: ‘The call text(s) was (were) clear and understandable for me’, ‘The Guide for Proposers are useful to complete the proposal’ and ‘It is easy to use the online proposal submission system-EPSS’



Source: Web Based Survey (IEE project coordinators, Eco Innovation Project Proposers, 235 responses for Call Text, 239 for Guide for Proposers and 234 for the use of EPSS)

We also asked the beneficiaries of the IEE programme if they thought the “Implementing your Project” tools available on the website were useful for their project management and a large majority of them knows the tools and acknowledged they are useful.

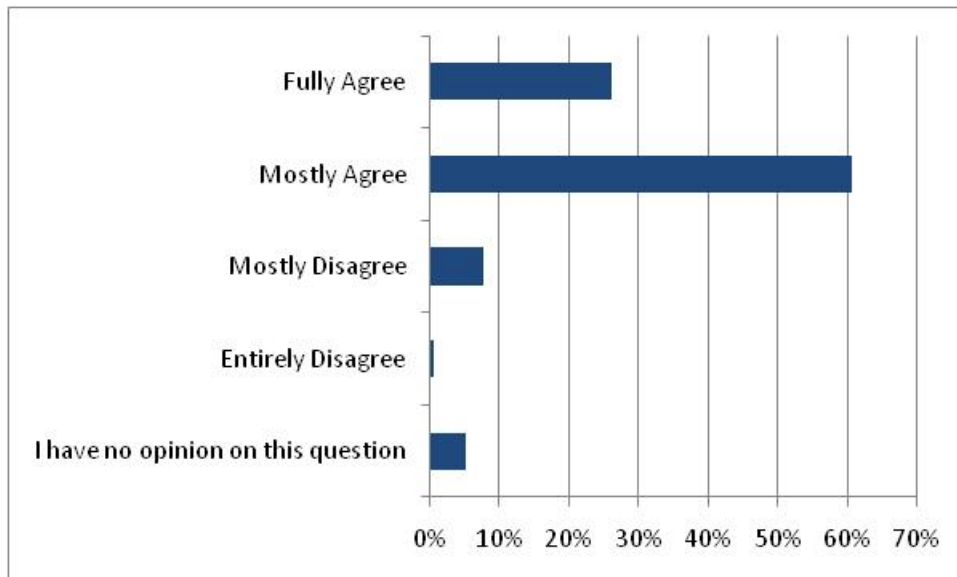
Another element regarding the accuracy concerns the pre-proposal check and the questions that are raised whether a proposal fits with a given programme’s work programme. Feedback from a National Contact Point for the IEE programme indicated it had not enough knowledge to give appropriate advice to the applicant, whilst on the other hand; the EACI refers the proposers, for reasons of equal treatment, to the pre-proposal check process. However, the National Contact Point indicated they received information that the feedback from the pre-proposal check process was, generally, not enough for the applicant.

Transparency of the EACI’s service

As an indicator for the transparency, we could also use the above-described questions on the quality of the call texts and usefulness of the guide for proposers as some of the comments made by the programme beneficiaries relate to the transparency with which the Agency communicates on the project requirements. We have seen that the judgement is overall positive.

Another indicator for the transparency is the clearness for the beneficiaries of the reasons underlying the project acceptance and the expectations for the next steps of the negotiation phase. As we can see in the Figure below, the IEE project coordinators and Marco Polo lead partners have a good view on these reasons and expectations.

Figure 13: Survey Question: When my proposal has been accepted and we start the negotiation phase, the reasons underlying the project acceptance and the expectations for the next steps of the negotiation phase are clear (negotiation and signature of grant agreement, etc).



Source: Web Based Survey (IEE project coordinators, Marco Polo Lead Partners, 199 responses)

As we discussed the negotiation phase with the Figure above, we will present here the data we have collected on the length of the project cycle as well as on the effort required by the beneficiaries for negotiation and reporting.

Overall, both for the Marco Polo Programme⁵⁰ as for the IEE Programme, the EACI states to have shortened the length of the call process over the past years. For IEE the call 2007 had a timeline which took 9 months, where the timeline for the call 2008 took 8 months (from the moment of the proposal submission deadline until the signature of the grant agreements). The EACI indicated that mainly the negotiation and the evaluation phase have been shortened because much preparation work is now done beforehand. As an example we can mention that the Financial Officer can start immediately his work based on the indicated overhead costs. However, in the entire life cycle months are fixed where the EACI has no power to change anything. As an example, we can take the Marco Polo Call where the European Parliament has the right of scrutiny for 1 month.

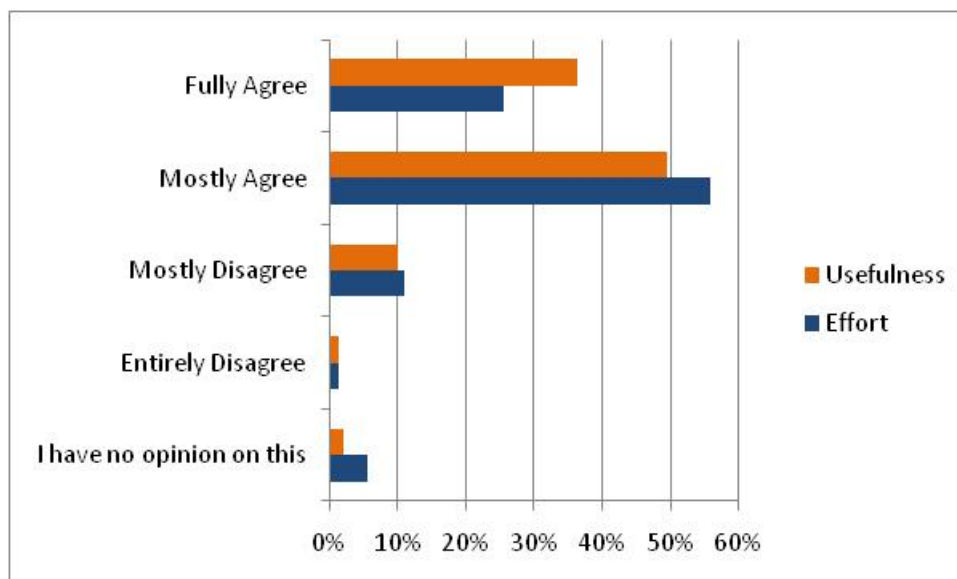
Although the EACI was able to shorten the time for contract negotiation, the EACI acknowledges that much time is invested in the contract negotiation. The contract negotiation is seen as a time consuming process for the best of the next steps of the project. When we look at the data in the Figure below we can see that many beneficiaries of the programme will take the effort invested in contract negotiation into account when deciding to apply for a next call.

The main comments made were that both the proposal and the negotiation phase are very time consuming for the project coordinator. Much detailed discussion on allocation of costs, resources, project deliverables, indicators are held. This exercise becomes more complicated for coordinators (proposers) when more partners are involved in the project. When this implicit cost of the effort is taken into account, the overall project has a high risk to become unattractive and therefore a lot of the initial attraction to participate in the programme goes lost. This is even more the case for Small and Medium Sized Enterprises.

⁵⁰ Compared to the former implementation by the Commission.

The above data and findings on the effort of the proposal and negotiation phase have, however, also a positive side according to the beneficiaries of the programmes. In the Figure below we can see that a large majority of the programme beneficiaries is of opinion that the grant agreement and its annexes I and II which are concluded at the end of the negotiation phase are useful to ensure the success of the project as they define clearly the expectations of the EACI concerning the project. It is acknowledged by the coordinators that the detailed provision of clarifications about the planned project during the negotiation phase can save valuable time afterwards. Mainly the clearness of the deliverables and the use of performance indicators are mentioned in this regard.

Figure 14: Survey Questions: ‘The negotiation phase takes so much effort that I will take this factor into consideration when deciding to apply for a next call’ and ‘The grant agreement and its annexes I and II which are concluded at the end of the negotiation phase are useful to ensure the success of the project as they define clearly the expectations of the EACI concerning my projects’.



Source: Web Based Survey (IEE project coordinators, Marco Polo Lead Partners, 196 responses- Effort and IEE project coordinators, Marco Polo Lead Partners, 197 responses- Usefulness)

A last element that was considered was the effort done by the programme beneficiaries to report towards the Agency. In the Figure below, we can see that a majority of the beneficiaries considers the effort for reporting towards the EACI of an acceptable level. The opinion of both the Marco Polo lead partners (for whom monthly reporting is not required but could be done on a voluntary basis) and the IEE Coordinators (a simplification changed the frequency of reporting from 6 months to 9 months) are more or less similar.

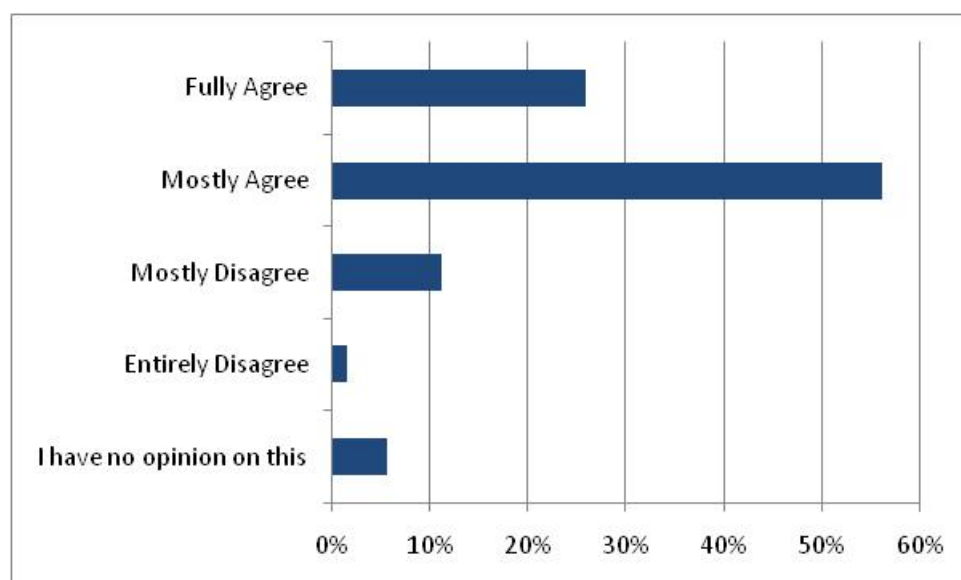
Some of the respondents indicated that the reporting is also important for them to be able to follow up the progress of the project as well as for the national co-financers. Mainly the progress reports are considered reasonable compared to the level of funding provided and also help to mobilise the different project partners as they confront the consortium with the progress made compared to the initial work plan. The later has also a flip side as collecting all data from the different partners (in the right format) and the elaboration of the reports can be time consuming for the project coordinator who might not have foreseen enough budget for this task and has to consume project budget foreseen for other activities.

Two remarks were mentioned several times:

- Although communicated to the project partners, some of the partners do not keep track of the hours invested per project phase and this makes it too detailed information to be produced in the reporting;

- Specifically for the Marco Polo programme it was mentioned that a monthly reporting is too frequent.

Figure 15: Survey Question: The effort for reporting towards the EACI is of an acceptable level.



Source: Web Based Survey (IEE project coordinators, Marco Polo Lead Partners, 198 responses)

4.2.3.3. CONCLUSIONS

For this evaluation question we mainly used data received from the Commission DGs as well as data received via the web surveys. As no web survey was launched towards the Enterprise Europe Network, the below overall conclusion on the performance of the EACI does not take into account the performance of the Enterprise Europe Network Unit (except for the payment delays).

In the introduction of this section we explained that we would look at the performance of the Agency over the past three years and more specifically describe indicators enabling us to formulate a judgement on the quality, timeliness, accuracy and transparency of the Agency's services.

For each of the elements (quality, timeliness, accuracy and transparency) the judgement by the beneficiaries of the different programmes is positive and many of the indicators show that the EACI has been a high performing Agency in its service towards the final beneficiaries for the past three years.

Also the Commission DGs are positive towards the quality of the human resources and the timeliness of the reporting from the EACI⁵¹ in the past years.

In more detail we can conclude:

- For the quality of the EACI's service:
 - The Agency delivered professional service and both the Financial Officers (FO's) and Project Officers (POs) are appreciated for their knowledge. Although sometimes detailed

⁵¹ The Commission opinion on the accuracy and transparency will be discussed in section 4.3.1. of this report.

- sectoral and country specific thematic knowledge is missing but this is generally understood by the beneficiaries;
- The presence of the EACI Financial Officers or Project Officers ‘on the field’ had a positive impact on the perception of the quality of the EACI’s services;
- With regards to problem solving capacity of the Agency the ‘one stop principle’ was much appreciated.
- For the timeliness of the EACI’s service:
 - Overall the availability of the staff was much appreciated however, beneficiaries sometimes got the impression that the EACI’s Project Officers or Financial Officers were overloaded with work;
 - Although the Agency managed to pay 85% of its beneficiaries on time, it means that on average 15% of the payments did not occur within 45 days following approval by the Agency of the beneficiaries’ reports as specified in the grant agreement (figures Jan-Sep2008). The Agency has monitored closely the figures on payment delays and has put measures in place to tackle the main reasons for their occurrence. Also currently, the Agency is developing new measures to reduce further the percentage of payment delays.
- For the accuracy of the EACI’s service:
 - The “implementing your project” tools on the website, the call texts, Guide for proposers and the online submission tool EPSS were according to the beneficiaries of a good quality and easy to use/understand;
 - Evidence showed that experience helped to ease the process of proposal submission and that non-experienced proposers faced extra burdens compared to experienced ones;
 - Evidence showed that National Contact Points sometimes lack the necessary information to be able to reply to all questions raised by proposers.
- For the transparency of the EACI’s service:
 - The proposal and negotiation phase were clear and transparent for the beneficiaries with clear communication from the EACI towards them;
 - According to the EACI, the Agency managed to reduce the length of the call process over the past three years, however certain time slots of the call process are beyond the EACI responsibility;
 - The negotiation and proposal phase take much effort from the beneficiaries which represents a cost that is not eligible within the project budget. This represents a risk that beneficiaries will not apply for a new call;
 - The effort for reporting is, according to the beneficiaries, of an acceptable level and generally understood and considered necessary. For the Marco Polo beneficiaries a monthly reporting was perceived to be too frequent whilst for both IEE and Marco Polo collecting all documents from project partners represents a time consuming challenge for the project coordinators.

4.2.4. TO WHAT EXTENT HAS THE AGENCY BEEN ABLE TO CREATE AND EXPLOIT SYNERGIES, SIMPLIFICATIONS AND ECONOMIES OF SCALE IN THE MANAGEMENT OF THE DIFFERENT PROGRAMMES AND THUS INCREASE EFFICIENCY?

4.2.4.1. INTRODUCTION

For this evaluation question, we defined the following judgement criteria:

- Extent to which the Agency has taken initiative to create/stimulate the creation of synergies in the programming of the different Programmes from the different parent DGs.

- Extent to which the Commission was supportive to the initiatives taken by the EACI to this regard.

The main information sources to answer this question were the interviews we had with both the EACI management and the Commission officials and two information notes⁵². At first, we will present the data and findings on the evidence and initiatives taken by the EACI management to create/stimulate the creation of synergies. Secondly, we present the initiatives and support from the Commission parent DGs. All data collected were qualitative data and we did not quantify the number of initiatives.

4.2.4.2. DATA AND FINDINGS

Extent to which the Agency has taken initiative to create/stimulate the creation of synergies in the programming of the different Programmes from the different parent DGs.

As described in the context section of this report the EACI (ex IEEA) has been responsible, as authorizing officer, for the implementation of the IEE Programme since 2005⁵³. In 2007, the EACI became responsible for the implementation of the project management of the Enterprise Europe Network and in 2008 for its animation, for the eco-innovation pilot and market replication projects and the Marco Polo Programme. As the EACI only became responsible for other programmes than IEE in 2007, it is very early in the process of integration to be able to provide many quantitative indication of the effect of the integration of different programmes in one Executive Agency, therefore the main data presented below will be qualitative.

The only quantitative indicator identified is the evolution of supporting and communication staff (Unit R and the staff of the Director) versus the operational staff. We were able to identify this information for the years 2007 and 2008 and we also have the figure as planned for the year 2009. As supporting staff we counted all staff employed in unit R (Human Resources, Financial Control, Communication and Legal) and the staff of the Director. The finding is that the relative number of supporting staff is (and will be) decreasing over the years. The main reason for this decrease is that more operational units are added and thus more operational staff is hired whilst the number of supporting and communication staff increases at a slower pace. According to the Agency, this does neither impose a significant increase in supporting tasks allocated to the operational units nor a significant increase in workload for the supporting staff. Therefore, we could classify the relative decrease of supporting staff as an economy of scale caused by the growth of the Agency.

Table 11: Evolution of staff type

| Year | % of supporting staff as opposed to operational unit staff |
|--------------|--|
| Planned 2009 | 18% |
| 1/09/2008 | 20% |
| 16/01/2007 | 26% |

Source: EACI

As part of the second specific objective mentioned in the 2008 Work programme (WP) we can read that the Agency will explore possibilities for increased interaction and synergies between the delegated programmes. As the new programmes were only added in 2007 and 2008 this focus is expressed for the first time in the WP 2008. The focus on synergies is expressed in the Work Programme because the search for synergies is, according to the management of the EACI, on top of mind of the Agency's work.

⁵² Summary of Synergies of Eco-innovation within the CIP and Information Note to the EACI Steering Committee (6/10/2008)

⁵³ Commission Decision (C(2004)2046) of 11.06.2004 delegated powers to the Intelligent Energy Executive Agency with a view to performance of tasks linked to implementation of the multiannual programme for action in the field of energy: "Intelligent Energy - Europe" (2003-2006) comprising in particular implementation of appropriations entered in the Community budget

As evidence for the creation of synergies in the operational management (both in the supporting and operational units) we found initiatives that can be summarised in the following overview (see annex 2 for a detailed overview):

- The structure of the agency foresees financial officers that are part of the operational units. This feature enables both a fluent interaction between the financial and project officers as well as it creates a feeling of team spirit to improve the overall project management cycle and therefore stimulates the creation of synergies;
- Training synergies where the expertise of one programme is shared with the Financial and Project Officers of the other programmes;
- In the Project Cycle Management : use of the expertise in other programmes to create call documents and Grant Agreements, use of the online application tool for different programmes, one call for interest for external experts, cross participation in the evaluation committees;
- Communication synergies: there is one communication plan for three programmes, during the info days of the specific programmes information is distributed on the other programmes, the use of the Enterprise Europe Network as a communication channel for information on other programmes;
- Recently horizontal working groups were started to discuss financial issues. All financial officers are invited to share best practices on how to deal with financial dossiers and the different problems that can arise.

As support to the creation of synergies between the different programmes managed by the EACI, we can mention the shift in operational management of the Market Replication projects from the IEE Unit towards the Eco-Innovation Unit.

It was acknowledged that all of the above initiatives are possible because all programmes are managed by a single Agency, whereas before the programmes were managed by different Directorates General.

However, it is also important to mention that there are limits to the search for operational management synergies:

- In terms of procedures the EACI stated that harmonisation is possible and desirable but not at any price. There is a need to take into account the specificities of the different programmes and to take simplification and harmonisation measure based on a thorough risk analysis. This implies that at a detailed level, there might still be a justified need for differences. This is for example the case for contract clauses that differ for SMEs as compared with large enterprises as well as certain steps of the application process. In this context, it is also worth mentioning that the manual on the contractual and financial procedures dates from June 2006 and was updated in December 2007 with the specific procedures of the new programmes and network whilst a vademecum has been developed for the Marco Polo programme that builds on the manual created for the IEE programme.
- The use of the Enterprise Europe Network as a dissemination tool for other programmes has its limits as the absorption capacity of the network for this information, but more importantly the clients of the network (mainly SME's), is not endless.
- The Agency has to take into account the Financial Regulation and other specific rules imposed by the different parent DGs.
- We experienced that the horizontal units are an important driver for the synergy creation and are not always used at their full potential. This is mainly the case in the communication area where many stakeholders are involved and have to be consulted. This leads to a mix of opinions where one could expect that the EACI with dedicated communication professionals is allowed to take up the role of gatekeeper to enable the creation of synergies between the communication on the different programmes and network.

Extent to which the Commission was supportive to the initiatives taken by the EACI to this regard.

For this judgement criterion we both looked at the initiatives that are taken at Commission level as well as at the perception on the level of support provided by the Commission to the EACI with regards to the creation of synergies.

To the creation of synergies between the programmes at Commission level there are both institutional limitations as well as financial administrative limitations that could be identified.

The first limitation is linked to the organigram of the Commission which consists of different Directorate Generals (DG) who are responsible for the individual programmes. Each DG has defined priorities for the individual programmes. In order to enable synergies between the different programmes, there are discussions at Head of Unit level but the final decisions on the initiatives to create synergies have to be taken during and Interservice Consultation, which imposes a heavy process. Moreover, strategic decisions are taken at Director level at the Commission and where relevant in consultation with the Director of the EACI. Operational decisions (day to day management of the programmes) are taken by the EACI Director/Head of Units in association with the DG Head of Units according to agreed guidelines.

The second limitation regards the financial administrative limitations when the same Unit manages two programmes or parts of programmes. The EACI's operational budget is allocated through the budget from the different Programmes. When the same Unit manages parts of Programmes, this implies a recalculation of the budget allocation key. This recalculation is an administrative challenge as the same staff works on different programmes.

Besides these limitations, most of the Commission officials were of the opinion that it is early in the transition process to get concrete results on the synergies between the programmes. A first initiative from the Commission's side to enable the creation of synergies is the presentation of the Work Programme to the Management Committees of the other Programmes. As another example, we could mention the Marco Polo programme where the Commission services look closely to the existing regulations for the Programmes that are part of the Competitiveness and Innovation Framework Programme during the procedure to amend the Marco Polo regulation.

Regarding the creation of synergies the Agency's management is of the opinion that the main initiatives to create synergies are taken by the EACI whilst the Commission has to take into account the limitations as described above which often do not allow the same flexibility as an executive agency has.

4.2.4.3. CONCLUSIONS

As a conclusion for the evaluation question on the extent to which the Agency been able to create and exploit synergies, simplifications and economies of scale in the management of the different programmes and thus increase efficiency we can formulate that both quantitative and qualitative indicators were identified that deliver evidence of economies of scale, synergies or simplifications.

Based on quantitative information on the number of horizontal staff, economies of scale are attained in the administration of the Agency and in part of the implementation of the Project Management Cycle.

Based on qualitative information the Agency has adopted a clear focus on achieving synergies and simplifications. The main driver for this is the structure of the Agency with one director being responsible for the management of all programmes.

Concerning the support of the Commission, we identified there are both organisational and administrative challenges that limit the Commission's capabilities to enable the creation of Programme synergies. However, it is still early in the transition period and we identified evidence of current Commission good will and initiatives.

4.2.5. TO WHAT EXTENT HAS THE OUTSOURCING OF MANAGEMENT TASKS – ALLOWING THE COMMISSION TO FURTHER FOCUS ON ITS INSTITUTIONAL TASKS – PUT THE COMMISSION IN A BETTER POSITION TO CONTRIBUTE TO THE EFFECTIVENESS OF THE PROGRAMMES COVERED BY THE AGENCY?

4.2.5.1. INTRODUCTION

For this evaluation question, we defined the following judgement criteria:

- Extent to which the creation of the Agency allowed the EC to better focus on its institutional tasks such as the development and orientation of the CIP as a whole;
- Extent to which the Commission has enough control and information on how the programmes are managed in order to take the necessary corrective actions at its level;
- Extent to which the Commission is able to improve the effectiveness of the Programmes covered by the Agency thanks to the time that has become available.

Therefore, to enable us to formulate a conclusion on this evaluation question, we provide data on the time freed up at the Commission thanks to the outsourcing to the EACI as well as on the usefulness of the information received from the EACI by the Commission DGs that should put the Commission in a better position to contribute to the effectiveness of the programmes.

The information provided by the EACI towards the Commission will be discussed in more detail in the next evaluation question about the support to the Commission in the pursuit of its tasks (section 4.3.1).

As this evaluation question relates to the contribution of the Commission to the effectiveness of the programmes thanks to the outsourcing, we judged it was important to look at the time that has come available at the Commission thanks to the outsourcing of certain activities as well as to the usefulness of the data provided by the EACI to the Commission.

The perception on the level of control will also be discussed in the section on the monitoring arrangements between the EACI and the Commission DGs (section 4.3.1).

All data collected and presented in this section is qualitative and was collected via interviews with both Commission officials and the EACI management.

4.2.5.2. DATA AND FINDINGS

Time freed up

Both DG TREN (IEE and Marco Polo Programmes) and DG ENTR (Enterprise Europe Network) have confirmed that the outsourcing of the Project Management Cycle towards the EACI has had a positive impact on their availability for institutional tasks. For DG ENV (eco-innovation) there was no impact, as the outsourced programme was a new one.

As example for this positive impact, we can give the example of the unit dealing with the Enterprise Europe Network, which, before outsourcing, was responsible for both the contract management of +/- 300 contracts and for policy steer, while now the unit can focus on the policy steer.

Moreover the Commission officials acknowledged they were not skilled and trained to become full time professional project managers as this was not the core business for a Commission official. Through the outsourcing of the project management tasks, the job description of the Commission officials has become much clearer with a focus on policy steer.

However, this increased focus on institutional tasks has to be moderated as some of the resources previously responsible for the management of the programmes have been assigned new tasks and responsibilities. Therefore, the Commission Units previously responsible for the management of the programmes currently work with fewer resources than before.

For instance, before the outsourcing, the Marco Polo unit (TREN) worked with one Marco Polo Project Manager and three Project Officers, while, at the moment of the evaluation, only the Marco Polo Project Manager was responsible for the Marco Polo Programme.

Usefulness of information

Overall Commission DGs were aware that the EACI is an important source of useful information regarding the results and outcomes of the different projects and programmes. In addition, for the EACI the provision of information to the Commission was a priority and it was one of the objectives of its work programmes.

One of the initiatives in this regard was the initiative to elaborate and agree on Guidelines for effective exchange of information. In the following paragraphs we will present the data on the Commission's perception of the usefulness of the received information to enable the Commission services to contribute to the effectiveness of the programmes.

For the programmes that were recently outsourced, the situation differs from the one for the programme that was initially managed by the EACI (former IEEA). DG ENTR has currently weekly liaison meetings with the EACI unit dealing with the animation of the Enterprise Europe Network, whilst DG ENV was recently closely involved in the definition of the priorities of the eco-innovation pilot and market replication project. For the Marco Polo Programme the change was also very recent and the Commission's Marco Polo unit was making use of the available time to amend the Marco Polo regulation. For each of these DGs/units, it was too early in the process of externalisation to present data on the usefulness of the received information to enable the Commission services to contribute to the effectiveness of the programmes.

For DG TREN and more in particular the unit dealing with the IEE programme the situation was different as first of all the programme has been outsourced for three years and secondly the IEE programme is completely externalised (except the call for tenders).

It was acknowledged that the necessary goodwill at all sides as well as qualitative guidelines were in place to enable the exchange of useful information that enabled contribution to the effectiveness of the programme. However, it was the perception that the enlargement of the scope of the Agency had an impact on the established informal relationships at individual official level which made that less useful information was made available in an informal way. This made that, at least to the perception of some Commission DG officials, the usefulness of the information received from the EACI that enabled the officials to effectively contribute to the effectiveness of the programme has decreased.

4.2.5.3. CONCLUSIONS

The outsourcing of management tasks enabled the Commission officials to free up time to focus on institutional tasks. However, due to the decreased number of Commission officials working in the Units in charge of the outsourced programmes/networks the improved position to contribute to the effectiveness of the programmes covered by the Agency has to be moderated.

Also, and only for the IEE programme, we received feedback that the enlargement of the scope of the Agency decreased the informal information channels which had a decreasing impact on the capability of the Commission officials to contribute to the effectiveness of the programme.

4.3. Efficiency

In the Terms of Reference, five evaluation questions were defined:

- To what extent do the monitoring arrangements with the Agency provide sufficient support to the Commission in the pursuit of its tasks and drawing political conclusions?
- To what extent do the Agency's internal organisation and procedures contribute to the effectiveness and efficiency of its operations, in terms of
 - allocation of responsibilities and tasks;
 - management systems and processes;
 - procedures in the areas of financial and human resources management.
- To what extent are there appropriate procedures and mechanisms in place for a smooth and efficient interaction of the different actors and bodies concerned by and involved in the management and operations of the Agency (e.g. the Commission Services and the Steering Committee of the Agency)?
- To what extent has the Agency acquired and developed the required expertise and know-how to carry out its tasks efficiently and effectively?
- To what extent has a greater stability of the staff situation been achieved in the Agency compared to previous arrangement?

Keeping in mind the overall focus on the Agency's efficiency in relation to the resources involved and the efficiency of the organisational set up⁵⁴, we will address each evaluation question in more detail below following the structure as described in the introduction of this section (evaluation question – introduction, data, and conclusions).

4.3.1. TO WHAT EXTENT DO THE MONITORING ARRANGEMENTS WITH THE AGENCY PROVIDE SUFFICIENT SUPPORT TO THE COMMISSION IN THE PURSUIT OF ITS TASKS AND DRAWING POLITICAL CONCLUSIONS?

4.3.1.1. INTRODUCTION

For this evaluation question, we defined the following judgement criteria:

- Correspondence between the parent DGs' needs and legitimate expectations with respect to the support received from the Agency in the pursuit of its tasks and the actual support:
 - Periodicity
 - Quality
 - Flexibility
- Utility of the Steering Committee to collect information supporting the Commission's tasks;
- Extent to which the Commission is able to improve the effectiveness of the Programmes covered by the Agency thanks to the information received from the EACI;
- Sufficient level of know how within the Commission to make them able to pursuit the Commission's tasks and draw political conclusions.

⁵⁴ Relationship Commission – Agency (Director, Steering Committee)

As one of the factors for analysis within the Cost Benefit analysis is the ‘*Maintenance of an adequate level of know-how inside the Commission*’, we will reply to this Cost Benefit factor in this section and make reference to it in the section that describes the Cost Benefit Analysis.

To be able to formulate a conclusion on this evaluation question and the Cost Benefit factor we provide an overview and assessment of the existing formal and informal reporting between the EACI and the parent DGs and the perception on the level of control this provides the Commission parent DGs. Another element we look at is the availability of the POs/FOs/Head of Units at the EACI for the Commission officials and vice-versa and the possibility to obtain additional information when necessary.

We have collected all data via interviews with EACI staff and Commission officials as well as desk research.

The judgement criterion on the utility of the Steering Committee will be presented in section 4.3.3. of the report⁵⁵. The judgement criterion on the improvement by the Commission on the effectiveness of the programmes has been dealt with in the previous evaluation question (section 4.2.5.).

4.3.1.2. DATA AND FINDINGS

Through our interviews, it became clear that for both the Agency’s management and the Commission DGs it was obvious from the beginning that for the EACI to succeed in its objectives as management authority of the different Community programmes, there was a need to stay close to the parent DGs. It was also clear that this was important to allow the Commission DGs to maintain an adequate level of know how inside the Commission to enable the parent DGs to pursue their tasks and drawing political conclusions.

Because of this and at the moment of the enlargement of the scope of the Agency, the EACI took the initiative to elaborate and get agreement on guidelines for effective exchange of information which provide guidance on how the parent DGs and the EACI should exchange information between each other on a day to day basis.

The EACI communication plans⁵⁶ also contained initiatives to establish communication between the EACI and the parent DGs. In both the plans for 2005-2006 and 2008 there is attention of what, by when and in which form information should be provided to the different parent DGs. The IEE communication plan 2007 however, does not contain such an initiative.

The tables below provide an overview of different types of communication between the EACI and its parent DGs. Most of them are the output of what has been agreed in the guidelines for effective communication or what has been set as objective in the communication plans. We can make a distinction between communication on the management of the Agency and the programmes (the first three tables) and communication on the content of the project (last table). We have listed in a non-exhaustive way⁵⁷ the formal reporting between the EACI and the parent DGs, other written communication, scheduled meetings and available information or feedback meetings on the content of the projects and their outcomes.

The formal reporting and the other written communications contained detailed information on the management of the Agency and the management and activities of the Programmes. The main receiver of these reports are both the Steering Committee (see later in this report) and the officials working in the different parent DGs responsible for the administrative and budgetary follow up of the EACI.

⁵⁵ Evaluation question: To what extent are there appropriate procedures and mechanisms in place for a smooth and efficient interaction of the different actors and bodies concerned by and involved in the management and operations of the Agency (e.g. the Commission Services and the Steering Committee of the Agency)?

⁵⁶ IEEA Communication plan 2005-2006, IEEA Communication plan 2007 and EACI Communication Work plan 2008

⁵⁷ Most of the information has been gathered via interviews and desk research

It was acknowledged by the Commission services that both the formal reporting as well as the other written communication from the EACI towards the parent DGs is a necessary basis for the DGs to be able to follow up on the activities of the Agency. The quarterly reports are perceived to be very clear. They bring a clear view on the progress that has been made against the objectives set in the beginning of the year. The reports are overall appreciated because they are based on facts and have substance with a clear structure as indicated in the act of delegation. In this regard the overall finding is that the Commission services consider the reporting from the EACI as of a high quality.

It is important to mention that the Agency's feature of having Commission officials at management positions contributes significantly to the perceived level of control by the Commission DGs. This mainly because the EACI management has consequently the same background and knows the Commission Regulations (e.g.: Financial regulations). This becomes clear when considering the Enterprise Europe Network, for which, before, DG ENTR had a service contract with a third party provider, while now, the network is managed by the EACI.

Next to the formal and written communication, there are also liaison meetings between the EACI units and the respective Heads of Unit in the parent DGs. The purpose and frequency of these meetings differ from programme to programme. Within the IEE programme the frequency is currently the lowest compared to all other programmes. In the beginning of the outsourcing phase, the liaison meetings were about operational and management issues and much more frequent. As in 2008, the EACI has several years of experience with the IEE programme and therefore the purpose of the liaison meeting is about communicating the 'state of the affairs' and receiving feedback from the Commission. It was decided that this agenda required a lower frequency.

We can see that for the newly adopted programmes the frequency of the liaison meetings is higher. We received feedback that these liaison meetings are much more focussed on operational issues and therefore often require a higher frequency.

In the fourth table below, we show that there are several meetings held and documents sent where the EACI communicates the project outputs and results to DG TREN. Besides these, also other occasions during which 'feedback to prepare the future' is given, are mentioned in the activity reports⁵⁸.

Although all this communication is in place and agreed between the EACI and the Commission services, we received some feedback that there exists, to a certain extent, a mismatch between the real needs of a desk officer implied in policy steer and the type of information currently provided. It was also acknowledged that any kind of reporting cannot replace the learning gathered by managing the projects as a Project Officer. For the Enterprise Europe Network, the situation is different as before the network was managed by Bureau d'Assistance Technique (BAT's) and was therefore already not managed by the Commission DG itself. The eco-innovation pilot and market replication is a new project and therefore has no previous desk officers at the Commission. The Marco Polo programme has been outsourced too recently to be able to gather useful data with regards to this issue.

Table 12: non-exhaustive overview of the formal reporting from the EACI towards the parent DG

Formal Reporting from EACI to parent DGs

- Quarterly report to the SC and to the parent-DGs
- Annual Activity Report
- The budget line of the EACI is discussed in the "Committee de suivi" of DG TREN

Source: EACI interviews

Table 13: non-exhaustive overview of other written communication from EACI to the parent DGs

⁵⁸ IEEA annual activity report 2005, 2006 and EACI annual activity report 2007

| Other written communication from EACI to parent DGs | Programme |
|---|--|
| The management meeting minutes go to parent-DGs | IEE, Enterprise Europe Network, eco-innovation, Marco Polo |
| The Unit meeting minutes go to DG TREN | IEE |

Source: EACI interviews

Table 14: non-exhaustive overview of the liaison and director meetings between EACI and parent DGs

| Non-exhaustive overview of the meetings between EACI and the parent DGs | Programme |
|---|-----------------------------|
| There is 4 times a year a liaison meeting between the Head of Unit of DG TREN responsible for the IEE programme and the Head of Units of the EACI responsible for the management of the IEE programme | IEE |
| Between 11/2007 and 10/2008 there were 10 liaison meetings at Head of Unit level | Marco Polo |
| The Project Management Unit has a monthly liaison meeting and the Animation Unit has a weekly liaison meeting | Enterprise Europe Network |
| The Directors meets the Head of Units and/or the Commission directors at regular basis (for Enterprise Europe Network this is every two months) | All EACI managed programmes |

Table 15: non-exhaustive overview of available information on the content/results of the IEE programmes

| Available information or provision of feedback from EACI to the parent DGs on the content/results of the IEE programme | Programme |
|---|------------|
| <p>To provide feedback on policy there are:</p> <ul style="list-style-type: none"> - Contractor meetings to present findings to policy officers; - "Counterparts principles" at PO level; - The EACI is involved in the preparation meetings to the Programme Committee meetings; - The mission reports are visible to the EC officers. | IEE |
| <ul style="list-style-type: none"> - A quantitative and qualitative report on the evaluation of the proposals resulting from the call for proposals 2004 was presented to the programme committee in June 2005; - Recommendations were made to DG TREN on the IEE Annual Work programme 2006; - A review of the COOPENER projects was carried out provided to DG TREN's. | IEE - 2005 |
| <ul style="list-style-type: none"> - A report on the results of the Calls 2003-2005 was transmitted to DG TREN - The IEE projects results were presented to DG TREN on specific issues as feed-back into policy work. - In-house information sessions were organised on thematic groups of projects to which DG TREN and other services of the Commission (ENTR, RTD, ENV) participated. | IEE - 2006 |
| <ul style="list-style-type: none"> - A report on the results of the Calls 2006 transmitted to DG TREN - The IEE projects results were presented to DG TREN on specific issues as feed back into policy work. | IEE - 2007 |
| <ul style="list-style-type: none"> - The IEE website⁵⁹ contains a database with information on each project. This description contains a project brief, a summary, the results and the lessons learnt | IEE - 2008 |

Source: EACI interviews and desk research

⁵⁹ http://ec.europa.eu/energy/intelligent/projects/index_en.htm

Next to the above mentioned reporting and meetings based on agreements between the EACI and the parent DGs, it is also important to mention that there exists a lot of informal communication.

Both the EACI management as well as the Commission DGs indicated that at all levels (Head of Unit and Project Officer/Desk Officer) there exist, on a regular basis, informal contacts (ad hoc meetings, phone calls/emails on management issues or projects, etc.) which enable both communication on the management of the programme and on the content of the projects (results, outcomes). However, as mentioned earlier and in particular for DG TREN, the enlargement of the scope and the increase in the number of resources of the Agency has made the organisation less straightforward and has made it more difficult to know whom to address with what type of question. On the other hand, the workload at the Commission DGs also puts a burden on the 'other than formal' communication.

As one of the advantages to increase these informal contacts, at least at Head of Unit level, it was mentioned the fact that the Head of Units of the Agency are also Commission officials and have worked within the Commission DGs (and often within the parent DGs). This has given each of the Agency's head of units a strong informal network inside the Commission DGs.

Related to the informal communication we received feedback from both the EACI and the Commission parent DGs that the availability of the POs/FOs/Head of Units at the EACI for the Commission officials and vice-versa and the possibility to obtain additional information is satisfactory. Both stakeholders expressed a clear willingness to cooperate and liaise with each other. However, it is worth mentioning the following data and findings:

- The EACI animation unit of the Enterprise Europe Network and DG ENTR have weekly liaison meetings (see above). Whilst the meetings are merely used to discuss operational issues, it also implies the risk that the EACI loses the dynamism which is provided by its attributed degree of autonomy to decide via the Act of Delegation.
- When the EACI requires support from specific Commission services (e.g.: IT services from DG DIGIT), the Agency experienced that the priority level to answer the request risks to be different compared to a request from another Commission DG. Consequently, this has a negative impact on the service delivery from the EACI towards the beneficiaries of the programmes.

4.3.1.3. CONCLUSIONS

The agreements between the EACI and its parents DGs have put in place monitoring arrangements that provide communication between the EACI and the Commission DGs both on the management of the Agency and the Programmes and on the content of the project outputs/results.

All DGs confirm that the monitoring arrangements for the management of the Agency and the Programmes allowed the DGs a sufficient support to follow up on the Agency's management. Moreover the reporting is seen as of high quality with clear monitoring of performance indicators.

To formulate a judgement on the monitoring arrangement's support to the Commission to draw political conclusion and to maintain an adequate level of know how inside the DGs it is too early for the Enterprise Europe Network, the Marco Polo Programme as well as the eco-innovation pilot and market replication project. However, the parent DG of the Intelligent Energy Europe Programme faced difficulties to draw political conclusion and to maintain an adequate level of know how within its DGs making use of the current monitoring arrangements since the enlargement of the scope of the Agency caused a decrease in the number of informal contacts which previously provided the necessary feedback which cannot easily be replaced by a paper/document reporting.

4.3.2. TO WHAT EXTENT DO THE AGENCY'S INTERNAL ORGANISATION AND PROCEDURES CONTRIBUTE TO THE EFFECTIVENESS AND EFFICIENCY OF ITS OPERATION

4.3.2.1. INTRODUCTION

For this evaluation question we were asked to look at the following aspects:

- Allocation of responsibilities and tasks;
- Management systems and processes;
- Procedures in the areas of financial and human resources management.

Therefore, we defined the following judgement criteria:

- Extent to which the structure of the Agency allows effective and efficient operations;
- Extent to which the management system and processes allow effective and efficient operations;
- Extent to which the financial and HR management allows effective and efficient operations.

Based on these judgement criteria, we collected data on the structure of the EACI, the decision responsibility of the Project and Financial Officers and the Authority of the Director. We also collected data on the systems in place to keep track of information, the use of project management systems and the internal meeting scheme. A last set of data contains information on the financial management and the HR management procedures in place.

4.3.2.2. DATA AND FINDINGS

One particularity in the Agency's organisation is the existence of a finance function in the operational units that manage the programmes. These Financial Officers (FOs) are initiating agents⁶⁰ and work closely together with the Project Officers. In the IEE Units and the Enterprise Europe Network Project Management Unit the FOs also have a financial supervisor/co-ordinator (Head of Sector Finance). The Financial Control Officer is part of the Resources unit and acts as central counterweight in the financial circuits.

This set up puts the Financial Officers in permanent contact with the Project Officers as they are part of the same unit. Moreover, being part of one team makes both responsible for the final payments being done on time as both the FO and the PO have to sign the dossier.

According to the EACI management, this structure improves a lot the quality of the analysis and consequently increases the effectiveness of the Agency's operation. In terms of efficiency, it can be argued whether having three Head of Sectors Finance is to be preferred over one Head of Financial Officers who would be part of the Resources Unit. However, the Head of Sectors Finance will allow the introduction of a sampling control (as described in a previous section) which should allow a decrease of the number of payment delays and therefore an increase of effectiveness of the Agency.

Attributing the right authority to decide to the Financial and Project officers can also have an impact on the effectiveness and efficiency of the Agency. The feedback received indicated that the EACI management attributes as much authority to the Financial and Project Officers (FO's and PO's) as the Financial Regulation allows. As the FOs and POs are temporary or contractual agents and not Commission officials, this consequently limits their attributed authority to decide. Another element that has an impact on the authority to decide is the rotation of staff, which obliges the EACI management to train on the job newly, started Financial or Project Officers (FO and PO's) which automatically implies a more limited responsibility for the FO or PO in the beginning.

⁶⁰ The job description of the Financial Officers indicate: "Give visa of Financial Initiation"

The Director is the authorising officer for all elements of the budget and external communication. As from the Agency's side, we did not notice any objection to the Director's job description and level of authority.

In terms of project management processes, the Agency applied the procedures described in the manual on contractual and financial management. The manual describes in detail:

- The general principles of the contractual and financial management;
- Award procedure for grants;
- Award procedure for procedures;
- Disputes, administrative and financial penalties, evaluation;
- Financial management.

The manual was developed for the IEE programme and the latest version was published in 2006, last update of December 2007. For the new programmes as much as possible the same procedures are applied which increased the efficiency of the Agency (see also the section on the creation of synergies).

Besides this the EACI used a Project Management System (PMS) to follow up the project management as well as ABAC as accounting system. The PMS is a heritage from DG TREN and was used in the IEE units. The Marco Polo unit is currently in the start up phase, where the Enterprise Europe Network units still have to migrate to the PMS. ABAC is used for all programmes/networks.

Each Monday a reporting on the status of the projects is created via PMS. This report contains information on: How much projects have been approved/what reports should be received and were not received/which reports were received but no action was taken yet, etc. This report is discussed during the unit meetings. Although the indicators enable an effective follow up of the projects, the production of the indicators takes a lot of time as data has to be consolidated from both PMS and ABAC. To the opinion of the EACI management, this production could be done more efficiently.

One of the features of the ABAC system is the MUS-DICE ("Monetary Unit Sampling – Decentralized Integrated Control Environment") application. This application makes selections of transactions to be verified and enables communication of observations between the verifying agent (the Financial Controller) and the financial initiating agent (the Financial Officer). Its main features are:

- Sampling tool for the second level ex-ante verification;
- Communication of observations between the financial verifying agents and the financial officers through e-mail;
- Reporting on the verified transactions via Business Objects.

This system is currently being rolled out in the Agency and will have a positive impact on the effectiveness and efficiency of the Agency.

As an overall remark we should mention that the EACI management expressed it suffered a lack of IT resources (see also section 4.1.3.) which has its impact on the efficiency and consequently the effectiveness of the project management of the Agency. The above mentioned issue with the PMS system or the ABAC problems which caused payment delays within the IEE programme can therefore be taken as an example for other IT issues the Agencies faces for the moment.

Within the Agency, a consistent and robust system is put in place to keep track of both project management as well as horizontal documentation. There is:

- Electronic filing and storing of emails related to project management on a common drive;
- Electronic filing and storing of documents related to project management on the common S-drive;
- Electronic filing and storing of documents related to horizontal tasks on the common U-drive.

For each of these elements, a clear structure has been defined in order to trace back information easily. Combined with the creation of specific hand over reports, the data filing systems enables that new Project and Financial Officers can more easily take over running projects.

Apart from the different procedures and systems being used within the Agency, there is also an internal meeting structure put in place. From the information received, we can give the following overview:

- There is a weekly management meeting with the Director and all the Head of Units (HoU's);
- There is a weekly Unit meeting between the Head of Unit and his/her team;
- Every two weeks there are progress meetings between the Director and the HoU's;

Besides these meetings there are also horizontal meetings to discuss financial issues. Here the frequency is two meetings per month between the Head of Sector Finance with the resources Unit.

Although it was mentioned during our interviews that the meeting frequency risked to decrease the efficiency and effectiveness of the Agency, the majority of the EACI management was of the opinion that all meetings were relevant, well structured with a clear agenda and outcome and therefore enabling a flexible and efficient management of the Agency.

In terms of financial procedures, the Agency has to take into account the financial regulations and other rules that apply also for the Commission services⁶¹. Within these limits, the Agency has tried to organise its financial procedures as efficiently and effectively as possible.

At the level of Financial Officers (FOs) and Project Officers (PO's) there is a fluent and efficient communication:

- FOs & POs put each other in copy when sending emails on projects;
- POs prepare a technical assessment sheet which is necessary for the payments;
- FOs create financial assessment sheets and inform the PO when there is a problem;
- FOs & POs meet each other weekly in the unit meetings.

We received information from the EACI management that shows there is a focus on simplifications within the financial procedures of the Agency to increase the effectiveness and efficiency of the Agency's operations. The propositions for and implementation of simplifications are based on thorough risk analysis. This means that for financial transactions implying a lower risk, less control is allowed as compared to financial transactions implying a high risk. As examples we can mention:

- For the administrative budget the HoU Resources can sign without the Director's signature for amounts less than €10 000. For certain recurring payments the '4 eyes' principle⁶² has been adopted (monthly payments, salaries);
- For the operational budget the 6 eyes principle has been installed for pre-financing.

In light of this, it is worth mentioning that "European Court of Auditors final audit report on 28 September 2007 gives a positive Declaration of Assurance (DAS) to both the Agency's 2006 account and the 2006 administrative budget implementation.

In terms of HR procedures we have looked whether training plans exist adjusted for each function. The training plan of the EACI is structured into 4 chapters:

- Chapter A includes the compulsory training for NEW staff;
- Chapter B includes the compulsory training for staff in specific functions;
- Chapter C includes the recommended training for staff in specific functions;
- Chapter D focuses on the in-house training courses of the Agency.

This plan is considered as one of the elements of attractiveness to work for the Agency by the EACI management.

Although there was a performance evaluation cycle in place, we can read in the audit report⁶³ that only after the recommendation of IAS, a Career Development Report similar to the CDR in the Commission

⁶¹ The EACI has to have DG BUDG-approved accounting procedures and accounting systems

⁶² A payment requiring only two signatures before approval

was decided mid 2007 for contractual staff. Linked to this, it was acknowledged by EACI staff that no clear structure was in place for promotion of Contractual Agents (Financial and Project Officers).

It was also mentioned by the EACI management that the wage scales for contractual and temporary agents differ between executive agencies.

Also the situation of the Commission officials working at the Agency is unclear as all of them have both a contract with the Commission (as officials) and with the EACI (as temporary agent). However, the career development (in terms of promotions and thus wage scale) develops differently within the statute of Commission official as compared to the statute of temporary agent during their period working at the Agency.

According to the EACI management the mentioned issues with the unclarity for promotion as well with the statutes increases the risk for “demotivation” and the risk for increased mobility of contractual and temporary agents between agencies.

4.3.2.3. CONCLUSIONS

Our evaluation of the internal organisation and procedures has showed that the clear focus in the allocated tasks to the EACI as being mainly responsible for the management of outsourced Community programmes has put the Agency in a position to organise itself effectively and efficiently.

As from the beginning, the structure of the Agency enabled a correct allocation of responsibilities and tasks. Here we noticed that the use of horizontal working groups to solve financial issues was much appreciated by the EACI management.

Over the years clear management processes were adopted while making use of the systems offered by the Commission services. One of the limits to a more effective and efficient organisation was the lack of IT resources and the encountered problems with the different IT systems.

About financial processes, we noticed a clear focus to simplify procedures based on a thorough risk analysis in order to increase the effectiveness and efficiency whilst taking into account the Financial Regulation and implementing rules as well as the Commission's internal rules and DG BUDG's guidelines.

The Agency's human resources management has only recently adopted a career development report for a large part of its staff (contractual agents) and suffers from lack of promotion possibilities and differences in statutes.

4.3.3. TO WHAT EXTENT ARE THERE APPROPRIATE PROCEDURES AND MECHANISMS IN PLACE FOR A SMOOTH AND EFFICIENT INTERACTION OF THE DIFFERENT ACTORS AND BODIES CONCERNED BY AND INVOLVED IN THE MANAGEMENT AND OPERATIONS OF THE AGENCY (E.G. THE COMMISSION SERVICES AND THE STEERING COMMITTEE OF THE AGENCY)?

4.3.3.1. INTRODUCTION

For this evaluation question we defined the following judgement criteria:

⁶³ Draft Follow-up Audit Report on IAS Final Audit Report on the Intelligent Energy Executive Agency

- Extent to which the procedures and mechanisms in place enable a smooth and efficient interaction between the Steering Committee and the Agency.
- Extent to which the procedures and mechanisms in place enable a smooth and efficient interaction between the Commission DGs and the Steering Committee (SC) of the Agency.
- Extent to which the procedures and mechanisms in place enable a smooth and efficient interaction between the Commission DGs and the Director of the Agency.

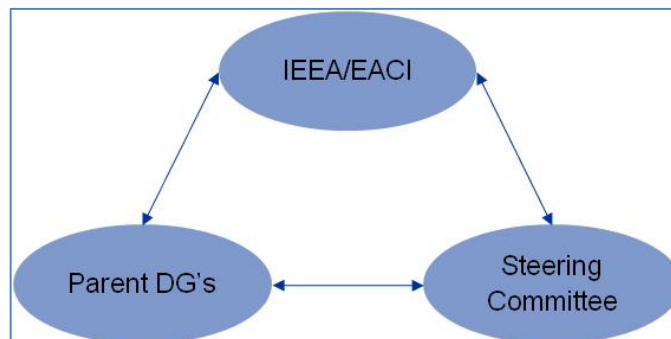
Most of the data presented below was gathered via interviews with the EACI management and Commission officials as well as e-mail communication with the members of the EACI Steering Committee of which we received a reply from one Member.

All data presented is qualitative.

4.3.3.2. DATA AND FINDINGS

The Council Regulation 58/2003⁶⁴ lays down the tasks of the Steering Committee⁶⁵. The Regulation describes that the Steering Committee adopts the Agency's work programme after approval by the Commission (article 9.2). The Steering Committee also adopts the Agency's administrative budget (article 9.3 and adopts and submit to the Commission an annual activity report (article 9.7).

Figure 16: Main bodies concerned by and involved in the management and operations of the Agency



With regards to the interaction between the Agency and the Steering Committee the quarterly reports are the main monitoring instruments. The EACI Annual Activity Report complements these quarterly reports. The Act of Delegation defines the content of the reports. Besides these reports, the Steering Committee meets the Director of the Agency four times a year in a Steering Committee meeting.

Based on the Agenda's of the past 12 months (December 2007 – October 2008) we can see that the meetings are focussed on:

- General feedback on the Agency's operations and management compared to the annual work programmes;
- Annual Activity Report of previous year;
- Work Programme of next year;
- Budget implementation;
- Operational (e.g. Human Resources) issues;

⁶⁴ 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

⁶⁵ Article 9 of 58/2003

- Agency reply on specific questions raised by the Steering Committee.

For the last element of the agenda of the Steering Committee Meetings, it is worth mentioning that these specific requests from the Steering Committee (e.g. on the creation of synergies within the Agency) indicate that the Steering Committee takes up a clear management role.

Based on the feedback we received, the EACI always complies with its provisions and delivers information of a very good quality and in a user-friendly manner. Therefore the Steering Committee is satisfied with the current mechanisms and procedures in place and considers they ensure a smooth and efficient interaction between the Agency and its Steering Committee.

When we consider the interaction between the Steering Committee and the Commission parent DGs, we noticed that there are no fixed procedures defined that align the feedback mechanisms and procedures to ensure a smooth and efficient interaction between the Steering Committee and the Commission parent DGs. Consequently the different DGs have adopted different internal procedures and mechanisms.

We received detailed feedback from DG ENTR which adopted itself a structure for monitoring and supervision of the EACI. The objective is to ensure a continuous and consistent information flow for supervision purposes between those involved.

The monitoring and supervision governance of DG ENTR for the EACI consists of three levels:

- Strategic and political supervision is assured through DG ENTR's member in the Steering Committee;
- The administrative and horizontal management issues are followed up within Unit A.1 (General Coordination), in close cooperation with other horizontal units where necessary. The main reporting instrument used at this level is the EACI's quarterly report.
- The operational units in charge ensure the operational supervision of individual measures delegated to the EACI. The annual EIP work programme identifies these units. Given the size of the measure of the Enterprise Europe Network project, this mainly concerns Unit E.2. These units maintain regular contact with the EACI.

The consistency of all three supervision levels is achieved by regular communication and coordination between those involved. This has been institutionalised through a specific EACI Coordination Group where all relevant units of DG ENTR and the EACI are represented. In addition to meetings of the group, information and consultation take place via e-mail.

Both DG ENTR and the Steering Committee Member were satisfied with the smoothness and efficiency of the current procedures in place.

At DG TREN the mechanism has evolved over the years and was mainly based on the reporting with an Agency which was close to the parent DG. No structure similar to DG ENTR has been put in place. Moreover, the Steering Committee Member of DG TREN was the Director of the Directorate responsible for the IEE programme (Director in charge of the New Energies and Demand Management).

However, we can see from the table below that, in particular for the Unit responsible for the IEE programme, the Director was part of the Steering Committee in 2004, where in the 2007 Decision we can see that this is no longer the case. We received feedback that mainly for operational issues, this is perceived as decreasing the smooth and efficient interaction between the Steering Committee and DG TREN.

Table 16: Composition of the EACI's Steering Committee

| Directorate General | Function as listed in Commission Decision C_2004_959 | Function as listed in Commission Decision C_2007_3197 |
|-------------------------|--|---|
| DG Energy and Transport | Director in charge of the General | Deputy Director-General |

| | | |
|-------------------------|---|---|
| | Affairs and Resources | |
| DG Energy and Transport | Director in charge of the New Energies and Demand Management | Director in charge of logistics, innovation, co-modality and maritime transport |
| DG Budget | Director in charge of the Central Financial Service | Director in charge of the central financial service |
| DG Environment | Director General | Director in charge of sustainable development and integration |
| DG Enterprise | | Director in charge of coordination for competitiveness |
| DG Development | Director in charge of the Development Policy and Sectoral Issues | |

Source: Commission Decision C_2004_959 and Commission Decision C_2007_3197

With regards to the interaction between the Commission DGs and the EACI's Director we can make reference to section 4.3.1 (To what extent do the monitoring arrangements with the Agency provide sufficient support to the Commission in the pursuit of its tasks and drawing political conclusions?) in which an overview of the different interactions between the DGs and the Agency is provided.

Overall and for each DG, we received feedback that the interaction with the Director is smooth and efficient with a high availability and a willingness to adjust the interaction where necessary. As an example, we can mention the change in frequency of reporting from monthly in the first years of the Agency's operation to quarterly since July 2007.

For DG TREN and more in particular the Unit responsible for the IEE programme we noticed that the enlargement of the scope of the Agency has increased the number of interactions between the Director and other DGs that has caused a normal decrease in his availability for the Commission's Unit responsible for the IEE programme. Moreover, this limitation was enshrined in the Guidelines for effective communication that precise that the contact person for the Agency's Director is the corresponding Director of the operational programme, the contact persons for the operational units are the HoUs.

4.3.3.3. CONCLUSIONS

About the extent to which there are appropriate procedures and mechanisms in place for a smooth and efficient interaction of the different actors and bodies concerned by and involved in the management and operations of the Agency, we can conclude:

- The current mechanisms in place between the Steering Committee and the Agency are working well to the satisfaction of both stakeholders;
- Between the Steering Committee Members and their respective Directorates General we saw different mechanisms and procedures in place which deliver different results in terms of smoothness and efficiency;
- Between the Commission DGs and the Director of the Agency, the procedures and mechanisms are appropriate and besides these, there is a high availability for informal communication. However, we noticed a certain difference between the attention for the parent DGs of the newly adopted programmes and the programmes already managed by the EACI.

4.3.4. TO WHAT EXTENT HAS THE AGENCY ACQUIRED AND DEVELOPED THE REQUIRED EXPERTISE AND KNOW-HOW TO CARRY OUT ITS TASKS EFFICIENTLY AND EFFECTIVELY?

4.3.4.1. INTRODUCTION

For this evaluation question we defined the following judgement criteria:

- Extent to which the Agency was able to build up its staff level as foreseen;
- Extent to which the Agency was able to recruit and retain the appropriate qualified staff;
- Extent to which the Agencies staff is able to deliver an overall good quality of service to the final beneficiaries and the Commission.

Some of the judgement criteria were already discussed in sections 4.1.3. and 4.2.3. and we will therefore only make reference to the data and findings mentioned earlier.

Below we present data on the perception of the beneficiaries and the Commission on the expertise of the Agency's staff. We also look at the recruitment rate and turnover of the staff and highlight the issues and main reasons. All data was collected via interviews and as mainly qualitative data was collected, we will present this data first.

4.3.4.2. DATA AND FINDINGS

Qualitative

As mentioned in previous sections⁶⁶ the overall satisfaction and appreciation of programme beneficiaries of the quality of the Agencies staff and the performance of the Agency is high. In interviews also Commission officials working in the different DGs confirmed that high quality staff is working at the Agency. These findings could be used as data to indicate that the Agency has acquired the required expertise and know how to carry out its tasks efficiently and effectively.

It was also described in a previous section⁶⁷ that in the years 2005 & 2006 the recruitment rate was always a bit below plan, whilst in the years 2007 and 2008 the rate was significantly below plan.

Despite these lower staff number, the EACI management indicated that in the years 2005 and 2006 this had no significant impact on the effectiveness and efficiency of the Agency.

For the programmes and network recently brought under the management of the Agency, the situation is different. Each of the units is still recruiting and facing resource issues that risk having an impact on their effectiveness and efficiency. As examples, we can give the Eco-Innovation Unit (now Market Replication Unit) which made use of a Financial Officer from the IEE Unit and the Enterprise Europe Network which is facing a lack of IT resources.

As already mentioned in previous sections the Agency had no problems to find high quality Project Officers. However, it was mentioned that some of the Project Officers who were offered a contract

⁶⁶ Section on the evaluation question: "To what extent has the establishment of the Agency led to better managed and improved services to the beneficiaries and the Commission, in terms of overall quality, timeliness, accuracy, and transparency, compared to the situation before the Agency took over the responsibility of delivery? Any unexpected benefits or negative issues to be distinguished?"

⁶⁷ Section on the evaluation question: To what extent are the resources allocated to the Agency appropriate and sufficient in view of the objectives and tasks allocated to it?

refused because of the low level of the financial offer. Moreover, we received quantitative data from the Agency which indicates that it took several months to hire a new project officer⁶⁸. When it takes several months to hire new staff, this could have an impact on the effectiveness and efficiency of the Agency.

The Agency faces also difficulties in hiring IT resources and Financial Officers⁶⁹. In particular the Agency is obliged to use the European Personnel Selection Office's (EPSO) database which does, to the perception of the Agency, not always contain enough useful CV's. As with Policy Officers, these difficulties risk to have an impact on the efficiency and effectiveness of the EACI in the long term.

Quantitative

In the table below, we present data on the number of Project Officers (POs) and Financial Officers (FOs) who left the Agency since the beginning. These agents are more likely to have contact with the programme beneficiaries. The staff turnover related to these agents is 16% on average per year (25% for the FOs and 11% for the POs). For the whole Agency, the percentage of staff that left between 2006 and 2008 amounted to 12.3% on average per year.

We received data on the average time POs and FOs stay within the Agency: The POs who left the Agency since the beginning of the Agency stayed 28.7 months in the Agency, while the FOs who left stayed 23.7 months.

The EACI management is of the opinion that the turnover rate is of an acceptable level. Moreover, a certain turnover in Project Officer functions is necessary to maintain a good level of know-how of technical issues related to the programmes. However, in terms of project management it was acknowledged that the turnover puts stress on the "system". The EACI tries, as an example, to tackle the negative effects by ensuring that two Project Officers are able to work on the same topic. There are also reserve lists elaborated (via EPSO) to ensure new resources can be hired more quickly than in the past.

Table 17: Staff that left the Agency

| | 2005 | | 2006 | | 2007 | | 2008 | |
|----|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
| | In service 31/12 | Left Agency | In service 31/12 | Left Agency | In service 31/12 | Left Agency | In service 30/10 | Left Agency |
| PO | 11 | 1 | 13 | 2 | 19 | 2 | 43 | 4 |
| FO | 4 | 1 | 5 | 3 | 12 | 5 | 22 | 2 |

Source: EACI

Another element worth mentioning that is linked to the staff turnover is the workload within the Agency. The EACI management is aware that the workload is high and that staff works many hours to deliver a high quality service. As a quantitative indication we received the hours overtime which sums up to 3520 hours (440 working days) for 82 staff doing flexi-time⁷⁰.

4.3.4.3. CONCLUSIONS

We can conclude that the Agency has acquired and developed the required expertise and know-how to carry out its tasks efficiently and effectively in the past years and that the Agency is currently fully involved in acquiring them for the newly adopted programmes.

However, several challenges were identified that risk compromising the Agency's capabilities to carry out its tasks efficiently and effectively:

- It takes a long time to hire FOs and POs;

⁶⁸ On average it takes 133 days to recruit a Project Officer

⁶⁹ On average it takes 90 days to recruit a Financial Officer

⁷⁰ Situation on 30/09/2008 since 1/01/2008

- The Agencies staff works many hours;
- There are difficulties to hire FOs and IT resources;
- The POs and FOs (mainly) turnover of 16% puts stress on the system.

4.3.5. TO WHAT EXTENT HAS A GREATER STABILITY OF THE STAFF SITUATION BEEN ACHIEVED IN THE AGENCY COMPARED TO PREVIOUS ARRANGEMENT?

4.3.5.1. INTRODUCTION

For this evaluation criterion we defined the following judgement criterion:

- Capacity of the Agency to maintain a normal level of turnover compared to previous arrangement (as a benchmark we will look to the current stability of staff within the Commission)

We can mention that no data on staff turnover in the years previous to the outsourcing has been identified within the Commission. During our data collection we indeed found that turnover data on contractual agents was not to be found at DG ADMIN and if it would be available, this data would not have been comparable with the EACI data because the contract durations are different.

In this section, we will shortly present EACI turnover data as this data has already been discussed above. We will as well highlight the elements that make working within the EACI (less) favourable compared to previous arrangement.

4.3.5.2. DATA AND FINDINGS

As mentioned in the previous section, the average turnover (FOs and POs) within the Agency is 16% with a higher number of Financial Officers leaving the Agency as compared to Project Officers.

From the Agency's Heads of Unit nobody has left the Agency since its start up. As well the Director has been in charge since the beginning.

The main reasons for contractual agents to work within the Agency were identified by the Agency as follows:

- Working in Brussels' European environment;
- Subject matter.

The Agency has also a high attraction to contractual agents working at the European Commission who have finished their contract and did not pass a *concours* to work in the Commission.

On the other hand some Project Officers at the EACI want to move to the Commission because, as a Commission Official, they could earn more whilst they would also get an employment with an indefinite duration.

As in previous arrangements when Commission officials with a contract of indefinite duration managed the projects, we can estimate that the turnover rate amongst Commission officials was lower than 16%. Moreover, the turnover of contract agents in the Agency is not comparable to the turnover of contract agents in the Commission due to the different contract durations. Due to different contract durations, the turnover of Commission officials is not comparable to the turnover of contract staff at the Agency either.

Therefore, one of the findings is that, although no turnover data has been identified for the contractual agents at the Commission, one can foresee that the turnover rate at the EACI will be higher than the turnover rate at the Commission when the Commission was in charge of the management of the Programmes.

However, the potential negative impact of the perceived higher turnover rate at the EACI can be moderated for the following reasons:

- The Commission officials work in a system of job rotation which invites them to change function within the Commission every 5 years;
- As stated in section 4.3.2, the EACI has put in place a data filing system and hand over reports which ensure a good handover when contract agents leave the EACI.

4.3.5.3. CONCLUSIONS

Although neither quantitative data on the turnover rate of contractual agents nor Commission Officials at the Commission has been identified, we can conclude, based on qualitative data collected via interviews that the turnover rate for the contractual agents at the EACI will be higher than the turnover rate of the Commission officials managing the programmes in the previous arrangement.

Nevertheless, if we compare the turnover of contract agents in the Commission and the one of the contract agents in the EACI, we estimate the latter as lower due to limited contract duration in the Commission (three years). As consequence, if the EACI programmes/network would have been managed in the Commission by this type of agents, the turnover would have been higher.

4.4. Other Impacts

In the Terms of Reference, the following evaluation question was defined:

- To what extent have the activities of the Agency resulted in any unintended/unplanned results and impacts (both desirable and undesirable)?

In the inception report we added one other evaluation question because of the overall focus as defined in the terms of reference:

- How visible is the Community as responsible for the programme?

According to the task specifications, the visibility of the European Union as promoter of the different programmes is also a factor to be analysed within the Cost Benefit Analysis, however, as we will present the data, findings and conclusion in this section, we will only make reference to them in the Cost Benefit section of this report.

4.4.1. TO WHAT EXTENT HAVE THE ACTIVITIES OF THE AGENCY RESULTED IN ANY UNINTENDED/UNPLANNED RESULTS AND IMPACTS (BOTH DESIRABLE AND UNDESIRABLE)?

4.4.1.1. INTRODUCTION

As judgement criteria for this evaluation question we defined the overall identification of such impacts.

During our fieldwork and in the surveys towards programme beneficiaries we therefore tried to identify any such unintended/unplanned results and impacts.

To structure the answer for the period after the enlargement of the responsibilities of the Agency, we made use of the risks and uncertainty themes as they were defined in the Final Report on the Cost Benefit Analysis of the externalisation of certain tasks regarding the implementation of the Competitiveness and

Innovation Framework Programme (2007-2013) through an executive Agency⁷¹. Indeed, the current evaluation allows the ex-post comparison with what has been identified ex-ante⁷².

For each of the themes we will provide data and findings on the risks and uncertainties mentioned:

- Complexity of multi-DG parentage;
- Loss of existing knowledge, skills and expertise;
- Loss of relationship and networks of knowledge flow;
- The European added value.

All presented data is qualitative and for some of the elements we make reference to data already presented in other sections of this report.

4.4.1.2. DATA AND FINDINGS

Use of Commission services

In the start up phase it was not clear to the EACI that, as an executive Agency, it was obliged to look for its own office space and could not rely on the Commission services for this. This point has been clarified and the Agency is currently in the process to find new office space (via a public tendering procedure) to host its staff as until now, the staff is located at two different locations in Brussels.

On the Agency's side, it was also not clear from the beginning that the Agency would receive invoices for the use of certain Commission services (e.g.: the use of ABAC).

Moreover, the fact that the Agency is considered as a separate entity of the Commission, make the Agency feels that the services offered by support DGs such as the DG DIGIT is different for them than for the other DGs. We have also noticed that the Agency could make more use of some DGs' support such as the DG BUDG, e.g. for the issues they faced with the interoperability between ABAC and their local Project Management Systems.

Finally, we noticed as very positive impact the fact the Agency is considered as "neutral" by the Commission DGs as its is especially focused on specific project management and is not involved in policy matters. This Agency's specificity makes them able to gather all relevant DGs (and not only the parent-DGs) around the development of new programmes in a flexible way. As example, the Agency received valuable advices from DG ECFIN, DG REGIO, and DG RTD during informal workshops to develop the priorities of the Eco-Innovation programme's call.

Overall we can state, that with the creation of such an Agency significant efforts concerning the establishment of the relations of the Agency with the Commission services were needed. The relation has been clarified with the parent-DGs since the earliest days (at this time only DG TREN). The documents governing these relations are the Act of Delegation, Memorandum of Understanding between the parent-DGs and different Guidelines. This process is still ongoing for the use of other Commission services (fe: DG DIGIT).

Complexity of multi-DG parentage

The expressed risk related to different DGs having to act together in a management function, which could entail to a subordination of the management needs of the Agency to the individual interests of the DGs would be potentially in disagreement.

⁷¹ Contract No 30-CE-0068461/00-31, October 2006

⁷² No such risk and uncertainty identification was done in the Final Report on the externalization arrangements for "Intelligent Energy for Europe" Programme. A cost-effectiveness assessment, December 2002.

In the feedback we received from the Commission Officials acting as point of contact for the Agency and from one member of the Steering Committee, we did not notice disagreements between the DGs in the use of the Agency's services.

In order to avoid disagreement, some of the steps described in the Final Report⁷³ to mitigate the risk were already put in place. We comment these steps here below:

- A Commission Decision nominated a new Steering Committee representing an equal balance between the different parent DGs⁷⁴;
- A Memorandum of Understanding (MoU) between the different parent DGs has been concluded⁷⁵. This MoU describes that in case of disagreement between the parent DGs, the Steering Committee will take a vote to arbitrate on the issue;
- Regarding the operating costs of the Agency we received feedback that in the past years no real issues arose with regards to the allocation key between the different parent DGs. Nevertheless, the fact that each DG allocated part of its (programme) budget for the functioning of the Agency entails the Agency for budget transparency reason to structure itself according to the budget they received from the various parent-DGs. This could have an impact on the organizational and administrative synergies;
- It was suggested in the report to nominate the director of the IEEA as director of the EACI to ensure continuity. In the MoU between the parent DGs, this nomination has been formalized;
- It was also a suggestion in the report to maintain as much as possible the same implementation procedures for the transferred activities as it was for the IEEA activities. However, although it became one of the objectives of the Agency to harmonise and create synergies (see section 4.2.4), this is still an ongoing process and, as mentioned in the section 4.2.4, the creation of synergies cannot be realized at any price and at every level of detail;
- The last step to mitigate the risk created by the complexity of a multi-DG parentage was to keep into account the relationships with the parent DG when designing the internal structure of the Agency.

When we look at the organigram of the Agency as shown in section 4.1.3 we can see that the structure of the Agency⁷⁶ is not completely aligned with the Directorate structure at the Commission. Unit 1&2 concern the Intelligent Energy Europe Programme and therefore DG TREN, Unit 3&4 concern the Enterprise Europe Network and therefore DG ENTR, Unit 5 concerns market replication and is linked to both DG ENV and DG TREN, Unit 6 concerns Marco Polo and is linked to DG TREN. We could see this structure, and in particular Unit 5, as a finding and unintended impact that increases the complexity of the coordination between the EACI and its respective parent DGs as well as amongst the parent DGs (in this case DG ENV and DG TREN). On the other hand we received feedback that the main reason to combine within Unit 5 parts of two different programmes was the creation of synergies between both. In our opinion, synergies and economies of scale should be the main focal point of the Agency's structure and any administrative obstacles that impede it should be considered by the Commission with the support of the EACI.

⁷³ Report on the Cost Benefit Analysis of the externalisation of certain tasks regarding the implementation of the Competitiveness and Innovation Framework Programme (2007-2013) through an executive Agency (Contract No 30-CE-0068461/00-31, October 2006)

⁷⁴ Commission Decision C_2007_3197

⁷⁵ 26092007, MoU on the Cooperation with regard to the use of the Executive Agency for Competitiveness and Innovation

⁷⁶ Organigram downloaded from the website http://ec.europa.eu/eaci/contact_en.htm#Ach on 28/11/2008

Loss of existing knowledge and skills

A second risk concerned Commission staff being unwilling to transfer to an executive Agency as well as the assumption that there should be a dynamic labour market to ensure a suitable qualified contractual staff.

The interviews we had with the EACI management did not show any unwillingness to transfer to an executive Agency. The different Units have benefited from transfer of qualified agents from the various DGs (and not only parent-DGs) for punctual need.

Concerning Contract Agents, we already mentioned in section 4.2.2 that although the Agency manages to find qualified people there is a relative high turnover mainly for the FOs (25%) and some challenges that increase the risk for a loss of existing knowledge and skills. At least some of these elements generate an unintended impact:

- Contract Agents' wage scale differ with the wage of Temporary Agent but they are doing the same job;
- There is no structure in place that makes promotion possible;
- Procedural limits to go to the market to find qualified staff.

Loss of networks of knowledge flow

This point has been extensively treated in section 4.3.1 on the extent to which the monitoring arrangements with the Agency provide sufficient support to the Commission in the pursuit of its tasks and drawing political conclusions. The main findings were that both the periodicity and frequency of both the formal and informal communication were overall appreciated. Also the guidelines for effective exchange of information were seen as a good basis to ensure the knowledge flow. However, we also found that on the one hand the DGs had to ensure they give the necessary discretion authority to the EACI and on the other hand that the EACI continued its efforts to listen carefully to the real information needs (both formally and informally) of its parent DGs.

The European added-value

This risk described in the Cost Benefit Analysis of the externalisation of certain tasks regarding the implementation of the CIP is about the concerns on the mandate of the Agency that could be not flexible to ensure the content as well as the method of implementation of the different Programmes/network vis-a-vis the beneficiaries.

We did not receive any feedback that this might have been the case in the past years. On the contrary, we consider that the creation of the Agency contribute to improve the European added-value of the programmes as it increases the services to the beneficiaries, the overall quality of the projects (via the preparation of the projects in the negotiation phase) and the Europe wide dissemination of the results.

4.4.1.3. CONCLUSIONS

We identified the following unintended/unplanned results and impacts:

- The creation of the Agency as a separate legal entity made the relationship between the Commission services and the EACI complex. The Agency faces obstacles to use the Commission services in a

optimal way; solution could be investigated but depends on formal clarification on the role of each party;

- On the other side, the Agency succeeded to involve non parent-DGs in the development of the new eco-innovation pilot and market replication call in a flexible way;
- To maximize the synergies, the Agency is looking at merging solutions between the programmes by managing different programme parts in the same Unit. The complexity of such synergies due to the multi-DG parentage and administrative obstacles has a negative impact on the synergies development. The Agency's objective of creating management synergies between the programmes is then limited;
- The creation of an Executive Agency increases to some extent the European added value of the programmes because the Agency's activities are focused on the good implementation of the projects and on the dissemination of the results.

4.4.2. HOW VISIBLE IS THE COMMUNITY AS RESPONSIBLE FOR THE PROGRAMME?

For this evaluation question we defined the following judgement criteria:

- Visibility of the Community as promoter of the Programme.
- Promotion of the Community as responsible for the programmes managed by the EACI.

Below we present data collected via the web based survey as well as via interviews with Commission Officials and EACI management and desk research.

We present what is currently in place to ensure the visibility and promotion of the Community as responsible for the programme and provide data that gives an indication on the visibility and promotion of the Community for each of the programmes. As quantitative data we present a result from the survey.

4.4.2.1. DATA AND FINDINGS

Qualitative

Article 8 of the IEEA act of delegation⁷⁷ specifies that, in order to ensure the visibility of Community action in the acts it adopts, the Agency shall always specify in its contracts, agreements, documents and relations with third parties that it is acting under powers delegated by the Commission.

Article 8 of the EACI act of delegation⁷⁸ uses the same sentence, but adds the following phrase: The Agency shall take into account, the Commission's guidelines in respect of information and visibility of programmes.

Besides these articles in the act of delegation, the EACI and parent-DGs concluded guidelines for effective exchange of information between the EACI and its parent DGs⁷⁹. In these guidelines, also the external communication of the Commission is being discussed.

Article 2.4. of these guidelines describes that the Agency will develop draft marketing materials on the programmes which will be sent to the relevant DGs:

⁷⁷ Commission Decision C_2004_2046

⁷⁸ Commission Decision C_2007_3198

⁷⁹ The guidelines were signed by the Members of the Steering Committee and the EACI Director on 18/12/2007

- For information when the activities are limited to activities in executing the programmes;
- For consultation when it is about assisting the DGs to promote the component programme or any part they are in charge of.

Article 2.5 of the guidelines stipulates that the EACI will consult the DG on the concept and design of the websites managed in support of the execution of the respective programme.

For the animation of the Enterprise Europe Network Animation specific guidelines on the exchange of information were concluded between the EACI and DG ENTR which comprise a chapter on network communication, information and support.

During our interviews with Commission officials no major issues were raised concerning the promotion of the Community as responsible for the programme by the EACI.

From the EACI management we received feedback that the Commission guidelines in respect of information and visibility of programmes are and have to be respected in the work of the Agency and that within the framework of the guidelines there is enough room for discretion to ensure a clear and flexible communication.

The EACI management also emphasised that the Commission is informed and consulted where required when new materials are being developed.

For the new programmes under the management of the EACI, a business as usual *modus operandi* with regards to the complete set of ways the EACI communicates (from materials over communication to management committee to presence in meetings) still has to be found. Several stakeholders acknowledged that the current frictions need careful attention and a permanent solution, but they are mostly seen as to be normal given the recent change/start up. Moreover, these points for clarification do not necessarily had an impact on the visibility of the Community as responsible for the programme but merely on the impact of the visibility of the Commission DGs as responsible for the elaboration of the work programmes of the different programmes.

When we look at the website of the EACI it becomes immediately clear that the EACI has been set up by the European Commission. Moreover, the logo of the European Community is clearly displayed.

The websites of the individual programmes and projects⁸⁰ also clearly indicate the logo of the European Union and are integrated in the ec.europa.eu webpages.

Also a non exhaustive check of the publications listed on the different websites did not point out clear cases where the European Union logo was not mentioned or where it was not clear that the relevant programme was not a Community funded programme.

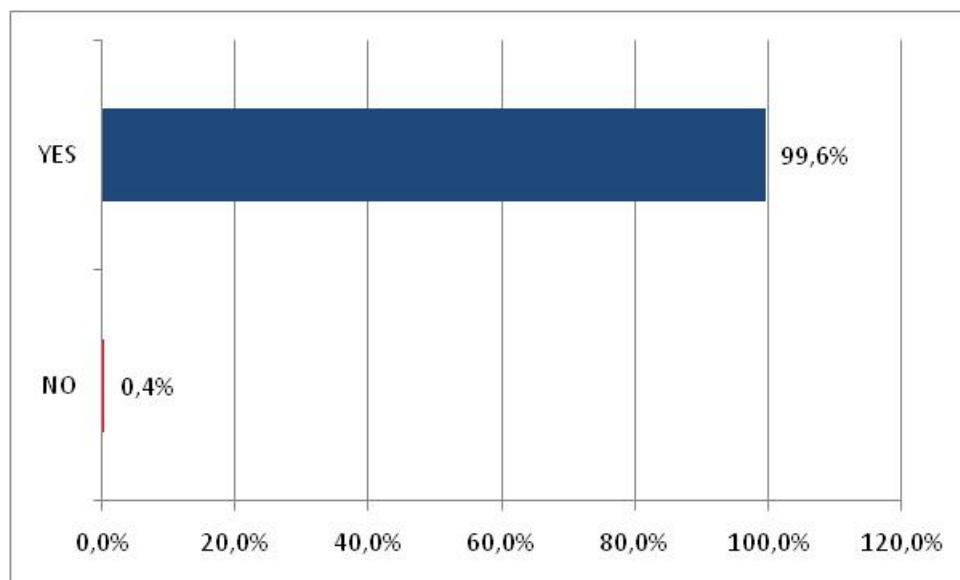
Based on the analysis of the website and the publications, we can see that both present a clear promotion of the Community as responsible for the programmes and network management by the EACI.

Quantitative

The quantitative data collected concerns the perception of the beneficiaries on the visibility of the European Community. The Figure below clearly illustrates that all the programmes are perceived as being funded and promoted by the European Community.

⁸⁰ <http://ec.europa.eu/eaci/>; <http://ec.europa.eu/energy/intelligent/>; http://ec.europa.eu/transport/marcopolo/home/home_en.htm; <http://ec.europa.eu/environment/etap/ecoinnovation/>; http://www.enterprise-europe-network.ec.europa.eu/index_en.htm

Figure 17: Survey Question: Do you perceive the *name of programme* as a Programme funded and promoted by the European Community?



Source: Web Survey (IEE Project Coordinators, Marco Polo Lead Partners, Eco-Innovation Project Proposers and IEE National Contact Points, 286 respondents)

4.4.2.2. CONCLUSIONS

The above presented data showed that the Community is clearly visible as responsible for the programme. The only issue that might arise is a decrease in visibility for the Commission DGs as responsible authority for the programmes/network but this does not necessarily impact the visibility of the Community as funding authority.

4.5. Cost Benefit Analysis

This section of the report presents the results of the cost-benefit analysis (CBA) of the first four years of operation of the EACI from 2005 to 2008. It begins by presenting the results of the likely ‘tangible’ or quantifiable costs and benefits associated with the decision to establish the EACI. This is complemented by the assessment of likely ‘intangible’ costs and benefits associated with the creation of the EACI. Supporting tables for this cost-benefit analysis can be found in Annex 4.

4.5.1. THE OBJECTIVES AND SCOPE OF THE ANALYSIS

The overarching purpose of the CBA is to assess the efficacy and effectiveness of the externalisation of specific activities to an external agency. As such, the central issue addressed in the CBA can best be stated as follows:

How do the costs and benefits associated with the EACI over past four years compare to the likely costs and benefits that would have been observed had these activities not been externalised, but rather, had continued to be undertaken by the various Directorates of the Commission?

It immediately follows that in addressing this question we have had to compare an actual event (i.e.: the establishment of the EACI) with a hypothetical event (i.e.: keeping the activities ‘in-house’ within the Commission DGs). This in turn requires that a number of assumptions are made as to how such a hypothetical ‘in-house’ scenario might operate, and more specifically, what costs might be associated with this scenario.

There are two parts to the analysis that follows. The first part presents a quantitative assessment of the ‘tangible’ costs and benefits associated with the creation of the EACI. As such, it examines the actual costs or savings that the establishment of the EACI has had within the general budgetary framework of the European Union. The second part of the analysis focuses on various ‘intangible’ costs and benefits associated with the creation of the EACI. This includes the impact on human resources – in terms of the number and quality of service – from the decision to establish the EACI, and the impacts in terms of the costs of coordination and checks, and the efficiency and flexibility in the implementation of outsourced tasks and simplification of procedures used.

In assessing these intangible impacts the focus has been on assessing the perceived costs or benefits associated with the EACI *as compared* to when the Commission DGs undertook these activities. In this way the analysis in this section of various indicators differs from that presented earlier where the focus was on an *evaluation* of the performance of the EACI in respect of certain factors.

A range of materials was examined in undertaking this CBA, including:

- Various financial materials collected as part of the field work from the EACI and from the relevant Directorates of the Commission. These include information relating to costs and staff numbers at the EACI over the period 2006-2008 and payments made by the EACI;
- Responses to the web-based survey;
- The financial report/statement produced by the European Commission in 2007 and submitted to the European Parliament titled *Legislative financial statement for amending Decision 2004/20/EC in*

order to transform the “Intelligent Energy Executive Agency” into the Executive Agency for Competitiveness and Innovation – hereafter referred to as the ‘EACI Financial Statement (2007)’;

- A financial report/statement produced by the European Commission in 2004 for budgetary purposes titled *Fiche Financière*; ABB 06 01 04 11 Agence Exécutive pour l’Energie Intelligente (ligne à créer) – hereafter referred to as the ‘2004 Financial Statement’;
- The final accounts with report on budgetary and financial management for the EACI for the year 2006;
- The Annual Activity Reports for the IEEA for the years 2005 and 2006;
- The report on the annual accounts of the Executive Agency for Competitiveness and Innovation for the financial year 2007;
- A report by the Internal Audit Service *Final Report – Audit of the Intelligent Energy Executive Agency* 30 January 2007;
- A report prepared for DG Enterprise and Industry by Technopolis titled *Cost Benefit Analysis of the externalization of certain tasks regarding the implementation of the Competitiveness and Innovation Framework programme (2007-2013) through an Executive Agency* October 2006 – hereafter referred to as the ‘CIP CBA’;
- A report prepared for DG TREN by Eureval-C3E titled *Externalisation arrangements for “Intelligent Energy for Europe” Programme; A cost-effectiveness assessment (10 December 2002)* – hereafter referred to as the ‘IEE CBA’;
- A report prepared for DG TREN by ECOTEC titled *Mid-term evaluation of the Multiannual Programme for Action in the field of Energy “Intelligent Energy – Europe, 2003-2006* – hereafter referred to as the ‘IEE mid-term evaluation’;
- A report prepared for DG TREN by ECORYS titled *Cost-effectiveness study concerning the externalization of programme management tasks related to the second “Marco polo” Programme (2007-2013)* – hereafter referred to as the ‘Marco Polo CBA’.

4.5.2. ASSESSING THE ‘TANGIBLE’ COSTS AND BENEFITS

4.5.2.1. KEY ASSUMPTIONS

The key assumptions that have been adopted in undertaking this analysis are as follows:

- Our general methodological approach has been to examine costs and benefits at the lowest level of detail/disaggregation where possible. So, for example, we have attempted to disaggregate staff costs between the different classifications of staff (permanent, temporary, contractual). We have also attempted to isolate non-staff related costs between their administrative and technical categories.
- Consistent with the terms of reference we have examined the costs and benefits associated with the activities of the EACI agency itself, rather than the costs and benefits associated with the broader programmes of which it administers. Consequently, we have only examined those costs

(including staff costs) and benefits directly incurred or received by the EACI. This means that costs associated with the implementation of specific policies incurred by the Parent DGs. For example, the costs associated with staff working on aspects of the IEE, Eco-innovation or Marco Polo policy programmes have not been included in the CBA analysis.

- We have examined the costs associated with all of the activities of the EACI since 2005 at a global (total agency) level. We were not able to disaggregate these costs into the different component programmes - such as the Eco-innovation and Marco Polo - as a result of an inability to obtain sufficiently detailed cost information on the various activities now undertaken by the EACI (see discussion below). However, given that the costs are principally driven by staff costs, our methodology manages to capture this by using standardised cost estimates for staff across the EACI and also within the parent Directorates of the Commission (on the basis of the assumption that the costs associated with a Commission staff member of the same level will be the same across the various parent Directorates, and similarly, that the costs associated with staff members of the same level within the EACI will be the same irrespective of the programme they are involved with).
- The time period over which the costs and benefits have been assessed is January 2005 to December 2008. In general terms, data for staff numbers and associated costs was available for the years January 2006 to 2008. As regards the year 2005, we have incorporated estimates of likely staff numbers and associated costs presented when the EACI (formerly IEEA) was being established.
- Cost data has been derived from a variety of data sources. For the costs associated with the EACI we have incorporated information on staff costs for each of these years for the years 2006/2007/2008 based on staff cost estimates provided by the Agency and in the 2006 and 2007 financial statements, as well as the Annual Activity Reports of the EACI. To estimate the Commission DG costs we have employed annual FTE staff costs estimates for each of officials, temporary and auxiliary staff derived from a range of sources, including the estimates in the 2005 and 2008 financial statements presented to the European Parliament.
- In some cases, given omissions in the data we have had to estimate what the likely relevant cost might be, and in these cases we have tended to simply adopt the per unit cost of the closest time period for which we have reliable data. So, for example, to estimate the actual per unit salary cost for EACI seconded officials and temporary agents in 2005 we have used the equivalent figure from 2006.

4.5.2.2. DATA COLLECTION PROCESS AND CONSTRAINTS

It is widely recognised that the outcomes of any CBA assessment exercise is inextricably linked to the quality of the data that underlies that assessment. With this point in mind, we undertook to obtain the most reliable and detailed information possible within the time constraints of the study. Accordingly, we developed a list of the types of information (and the level of detail) that we wished to obtain and then sought to obtain this information from a range of different sources including the Commission DGs, DG Budget and the EACI itself. In some instances, particularly in relation to staff costs and administrative costs at the EACI, we were able to obtain reliable information from the financial statements or the EACI itself for the assessment. Nevertheless, in some areas we were unable to obtain sufficiently detailed information and had to make assumptions or adjustments in order to undertake the CBA assessment.

There were two main difficulties we encountered in the data collection process: first, obtaining information for all years and in relation to all cost categories at a sufficiently detailed level of disaggregation; and, secondly, obtaining data on administrative and other costs for the EACI's activities for the year ended December 2008.

In relation to the first difficulty, we attempted through various means to obtain information that provided staff costs (and other costs) at a sufficient level of disaggregation – by staff level – for both the EACI and the Commission to allow for a very detailed comparison. While we were able to obtain information which distinguished between the number of staff at a general level (i.e.: contract agents or temporary agents) over the relevant period, we were unable to obtain any more detailed information (i.e.: by staff grade or level) in terms of staff numbers or costs. As a consequence to enable a comparison between the Commission DGs and the EACI over the relevant period we have conducted the CBA assessment using this broader classification of staff (whether they were permanent or seconded officials or temporary or contractual staff). This is not considered to be a major impediment to the CBA assessment given that this is an *ex post* CBA assessment of the costs and benefits of the entire agency (rather than one component of the agency), and as such, the relative informational benefits of a finer disaggregation of staff costs is, in this case, less material than if we were conducting an *ex ante* assessment or conducting a CBA of one specific programme.

The second difficulty – obtaining data on administrative and other costs for the year ended December 2008 – is largely a function of the timing in which this CBA was undertaken (between October - December 2008) and the fact that at this point the relevant information had not been recorded in a format that allows for comparison across the relevant years. We did, however, take care to incorporate actual staff numbers and costs for 2008 on the basis of information provided by the EACI.

Finally, the data which is incorporated in the CBA assessment is generally sourced from published Commission or other official documents, such as the financial statements or Annual Activity Reports. Given that the majority of these documents are official publications, we have not sought to independently corroborate the reliability of the information presented in those documents as part of this CBA exercise. While such an independent assessment of figures provided would add to the reliability of the results presented below, it was not feasible or practical given time constraints. Moreover, there is a risk that given the obvious asymmetries in understanding of the costs and activities of any external assessor that such an approach – unless systematically conducted and executed – potentially raises the prospect of errors arising in the analysis.

4.5.2.3. LIMITATIONS OF THE ANALYSIS

Before presenting the results of the analysis we think it important to caveat these results by explicitly identifying the following limitations of the analysis. The limitations principally relate to the quality of the data that we have employed in the analysis and include the following:

- We have been unable to obtain data on total staff costs for IEEA for the year ending December 2005. This is because the IEEA became autonomous on 1st January 2006; thus, the first financial statement covers the period January to December 2006. To address this issue we have therefore used figures for the following year (2006) adjusted to take account of differences in staff numbers between the two years. This is not expected to be a material issue as the change in staff numbers over the period was one FTE.
- When estimating the costs associated with different categories of staff both at the Commission DGs and in the EACI we have employed average cost estimates for each broad classification – such as seconded officials or temporary agents – but for the reasons outlined in the preceding section, have not been able to further break these down into specific sub-classifications of staff (i.e.: different grades).
- Similarly, for the year 2008 we have employed estimates (see discussion above) of the average administrative costs and technical costs for the EACI. These costs have been estimated using the 2007 rate per FTE and then adjusted for the actual number of employees in 2008.

- Finally, as discussed in the next section, in some cases we have encountered difficulties reconciling the various estimates of costs associated with the EACI's activities. For example, the staff costs listed in the *financial statements* appear slightly different to those supplied to us by the Agency on the basis of the administrative budget – these differences mirror the differences between the principles of accrual based accounting and cash based accounting. This has required us to make a judgement as to which sets of costs to incorporate in the baseline scenario.

4.5.2.4. THE 'BASELINE' SCENARIO USED TO COMPARE THE COSTS AND BENEFITS

To compare the costs and benefits associated with the externalisation certain activities to the EACI from 2005 it is necessary to first define a suitable 'baseline' or 'base-case' by which to assess changes in relative costs and benefits between the two scenarios. As recognised by the Impact Assessment guidelines the definition of a 'base-case' is central to any CBA process, as the costs and benefits are nearly always measured as incremental to what would have happened had a specific project not gone ahead; the estimated costs and benefits must be shown as *net changes* compared to the baseline.⁸¹

In this case we are conducting an *ex post* assessment of the impacts of the decision to establish the EACI and therefore in our view the appropriate baseline is to compare the costs and benefits of the activities undertaken by the EACI, with the costs/benefits of those activities assuming that they were still undertaken by the different parent DGs of the Commission. This is consistent with the approach adopted in previous *ex ante* assessments of the likely costs/benefits associated with externalising the activities now undertaken by the EACI (including the IEE and the Marco Polo programmes).⁸²

4.5.2.5. THE BASELINE 'IN-HOUSE' SCENARIO

The baseline 'in-house' scenario adopted in the assessment assumes that the tasks and activities undertaken by the EACI in the years 2005 to 2008 were conducted by the various parent Directorates of the Commission. That is, in the baseline we have assumed that the various programmes such as IEE, Marco Polo and EIP were still introduced, but that they were implemented through the Commission DGs directly rather than through an external agency.

Given that the baseline scenario (and the associated costs) involves constructing a hypothetical set of institutional arrangements we recognise that it is important to clearly state the underlying assumptions we have employed in constructing this scenario. These assumptions are as follows:

- First, to estimate the staff numbers that would be required in this baseline 'in-house' scenario we have taken the actual number of staff employed in the EACI in each of the four years and applied a ratio of Commission staff to EACI staff. This ratio was derived from estimates presented in table 6.4 of the EACI financial statement (2007) and was confirmed by DG Enterprise as relating to the financial year 2012/13. This table suggests that the use of the executive agency will require 159 FTE staff situated in the EACI and an additional plus 3.7 FTE staff in the Parent DGs for monitoring and related coordination work. The corresponding staff number in the in-house scenario is 159 Commission DG staff, suggesting a ratio of 0.98 Commission DG staff for every EACI staff member.⁸³

⁸¹ European Commission – Impact Assessment Guidelines [Draft version 27/05/2008] page 35

⁸² Eureval study and Technopolis study.

⁸³ For the reasons outlined earlier we have not included in this analysis the 26 staff assumed to be involved in policy aspects of the IEE, Eco-innovation or Marco Polo programmes under either scenario. In any event, the inclusion of these policy staff in both scenarios would not change the relevant ratio of 0.98.

- Second, we have then estimated what the costs per FTE staff member might be in the hypothetical in-house scenario. These estimates were again derived directly from the EACI financial statement (2007) and are broken down between a cost of €17,000 per Commission DG official and €70,000 for contractual agents (these are adjusted for inflation at a later stage in the analysis).
- In the third step we have combined the estimated number (and type) of staff that would have been employed by the Commission DG in the in-house scenario with the applicable salary cost to arrive at an estimated *total* staff cost for each year.
- We then estimated the administrative and technical costs that would have arisen in the in-house scenario. To do this we took the actual administrative and technical costs incurred by the EACI in each of the years and adjusted these costs by a ratio to reflect the differences in costs between the Commission DG and the EACI. This ratio was derived from estimates of administrative and technical costs in the EACI financial statement (2007) and suggests that a ratio of 0.79 should be applied to the Commission DG for every euro of administration and technical costs associated with the EACI.

4.5.2.6. THE BASELINE EXTERNALISATION'

The methodology adopted in developing the baseline 'externalise' scenario is more straightforward and involves the identification of the costs associated with the actual operation of the EACI in the years 2005 to 2008. This baseline scenario therefore captures the costs associated with implementing the IEE programme from 2005 to 2007, and the costs associated with the implementation of the Marco Polo and Eco-Innovation programmes from 2007.

We have employed the actual figures for staff numbers, staff costs and administrative and technical costs for the analysis relating to the years 2006, 2007 and 2008 (with the exception of administration and technical costs). However, in relation to the year 2005, in particular, we have had to make an estimate of the relevant costs.

To estimate staff costs in 2005 we took the actual 2006 staff costs per FTE for seconded officials and contract staff and multiplied that by the actual number of staff in 2005. Given that the staff numbers changed by only one person during that period, this should provide a reasonably accurate estimate of staff costs for 2005.

In relation to administration and technical costs we employed the actual figures from the annual financial accounts for the years 2006 and 2007. For the year 2005, we used the high level estimates of administration and technical costs contained in the 2004 financial statement for the EACI. We also did not have estimates of the administration and technical costs for the year 2008. To address this issue we simply used the average administration and technical costs per FTE staff member for 2007 as a base estimate and multiplied this by the number of staff at the EACI in 2008.

4.5.2.7. COMPARING THE BASELINE COSTS UNDER THE DIFFERENT SCENARIOS

On the basis of the approach outlined above we then compared the costs associated with the baseline 'in-house' scenario and the baseline 'externalisation' scenario. In order to ensure that we allocate costs and benefits over the appropriate period, we have adjusted the costs estimates for each year for inflation. The

rate that will apply will be the rate of 4% that is currently recommended in the Impact Assessment guidelines.⁸⁴

A detailed breakdown of the components of each of the scenarios is presented in Appendix A.

4.5.2.8. THE ESTIMATED BASELINE 'IN-HOUSE' SCENARIO FOR 2005 TO 2008

The table below presents the estimates of what the likely baseline costs would have been if the activities currently undertaken by the EACI were instead undertaken by the parent Directorates of the Commission over the period 2005 to 2008. The total costs of the 'in-house' scenario over the four year period are estimated at €32.10 million in real terms (and €30.7 million in nominal terms).

When expressed in terms of costs per FTE employee, the analysis suggests that the estimated costs would likely have shown less variability over the years examined, and ranged from between €131,540 to €141,215 per employee. This stability would appear to be driven by the assumption that Commission DG staff costs for Commission officials and contractual agents have remained relatively stable, on average, over the period. In addition, the administration and technical costs in this hypothetical scenario are assumed to change at a constant rate to the staff numbers employed.

Table 18: Baseline 'in-house' scenario costs for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|--|-----------|-----------|-----------|------------|--------------------|
| Total staff costs | 3,310,953 | 3,425,292 | 5,415,968 | 9,782,849 | 21,935,061 |
| Total administrative and technical costs | 1,249,661 | 1,878,121 | 2,103,065 | 3,632,567 | 8,863,414 |
| Total costs (nominal) | 4,560,614 | 5,303,413 | 7,519,033 | 13,415,416 | 30,798,476 |
| Costs per FTE equivalent | 119,660 | 135,671 | 139,891 | 144,501 | |
| Real costs (adjusted for inflation @4%) | | | | | |
| Total costs | 5,130,070 | 5,736,172 | 7,819,794 | 13,415,416 | 32,101,452 |
| Costs per FTE | 131,540 | 143,404 | 142,178 | 141,215 | |

Source: Own calculations; European Commission 'Legislative financial statement for amending Decision 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation'

4.5.2.9. THE BASELINE COSTS OF THE EXTERNALISATION FOR 2005 TO 2008

The below presents the costs for the EACI over the period 2005 to 2008. The total cost of the EACI over the four year period is estimated at €26.9 million in real terms (and €25.8 million in nominal terms).

Table 19: Baseline actual costs of the EACI for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|--|------|------|------|------|--------------------|
|--|------|------|------|------|--------------------|

⁸⁴ European Commission – Impact Assessment Guidelines [Draft version 27/05/2008], Section 9.4 *Impact Assessment -Revised annexes – draft version 27 May 2008*

Evaluation of the first three years of operation of the EACI (ex-IEEA)

| | | | | | |
|--|-----------|-----------|-----------|------------|------------|
| Total staff costs | 2,362,807 | 2,444,177 | 2,953,574 | 6,893,576 | 14,654,134 |
| Total administrative and technical costs | 1,580,000 | 2,374,589 | 2,658,995 | 4,592,810 | 11,206,394 |
| Total costs (nominal) | 3,942,807 | 4,818,766 | 5,612,569 | 11,486,386 | 25,860,527 |
| Costs per FTE equivalent | 101,098 | 120,469 | 102,047 | 120,909 | |
| Real costs (adjusted for inflation @4%) | | | | | |
| Total costs | 4,435,121 | 5,211,977 | 5,837,071 | 11,486,386 | 26,970,556 |
| Costs per FTE | 113,721 | 130,299 | 106,129 | 120,909 | |

Source: Own calculations; financial data provided by EACI; The final accounts with report on budgetary and financial management for the EACI for the year 2006; The Annual Activity Reports for the IEEA for the years 2005 and 2006

In terms of costs per FTE employee the costs have varied over the years examined between €106,000 to €130,000 per employee. This variation appears to be driven by two factors: changes in administrative and technical costs (particularly technical support) in 2005, and the large relative increase in staff numbers between 2006 and 2007.

4.5.2.10. ESTIMATED DIFFERENCE BETWEEN THE ACTUAL COSTS AND THE BASELINE COSTS

The final stage of this analysis involves estimating the likely net benefit or cost to the Community from the decision to outsource certain activities to the EACI (and its predecessor the IEEA) in 2005. To do this we have deducted the estimated (discounted) total costs of the baseline 'in-house' scenario over the four year period from the (discounted) total costs of the externalisation (i.e.: the EACI's actual costs) over the same period. The results are shown in table 3 below.

Table 20: Comparison of externalisation and baseline 'in-house' scenario for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|------------------------------------|-----------|-----------|-----------|------------|--------------------|
| Baseline 'in-house' scenario costs | 5,130,070 | 5,736,172 | 7,819,794 | 13,415,416 | 32,101,452 |
| Externalisation actual costs | 4,435,121 | 5,211,977 | 5,837,071 | 11,486,386 | 26,970,556 |
| Estimated saving | 694,949 | 524,195 | 1,982,723 | 1,929,030 | 5,130,896 |
| Cost effectiveness ratio | 1.16 | 1.10 | 1.34 | 1.17 | 1.19 |

Source: Own calculations

The following conclusions can therefore be drawn from the table above:

- The cost-benefit analysis suggests that the decision to externalise certain activities to the EACI from 2005 has resulted in a *net benefit* to the community budget over that period, from between €0.52 million to €1.9 million per annum. In total the analysis suggests that the net benefit to the

Community from the decision over the four year period is over €5.1 million. These conclusions are based on the assumptions underlying the baseline scenario discussed above.

- The cost-effectiveness ratio is another way of expressing the potential benefit or cost to the Community of the decision to externalise activities to the EACI. The table shows that the cost-effectiveness ratio of the 'in-house' scenario to the externalise scenario is 1.19 for the four year period examined. This reinforces the central conclusion that the decision to create the EACI has resulted in significant benefits to the community budget.
- The higher costs associated with the 'in-house' scenario appear to be driven primarily by the assumption that, on average, staff are paid a higher amount than would be paid if those staff were located in the EACI. This is consistent with the assumptions made in the EACI financial statement (2007).
- Counteracting the higher costs associated with the 'in-house' scenario is lower than expected relative administrative and technical costs. Specifically, in each of the years examined it is assumed that the 'in-house' scenario will incur less administrative and technical costs on a per FTE unit basis than in the externalise scenario. As discussed above this is based on the assumption made in the EACI financial statement (2007) that the administration and technical costs associated with the EACI are lower than those of the Commission DGs.

In summary, the estimated difference between the baseline costs of the EACI and the baseline 'in-house' scenario is positive over the four years since its creation. Moreover, the analysis suggests that the level of savings to the Community as a result of the decision of the Commission to outsource specific activities to the EACI in 2005 has been significant, and has generally increased (with the exception of 2006) as the activities and size of the EACI have evolved.

4.5.2.11. SENSITIVITY ANALYSIS

As with all exercises of this type it is recognised that in estimating of the costs associated with the baseline scenario there is a degree of subjectivity, and that the assumptions underlying the analysis and the methodology adopted can impact on the robustness and reliability of any conclusions drawn. For example, the magnitude by which the decision to create the EACI may have benefited or cost the Community budget is highly sensitive to various assumptions made about the 'internalise' scenarios.

The standard approach to deal with this issue in CBA assessments is to conduct a sensitivity analysis which examines how the estimated costs value will change in response to changes in key variables or assumptions. In the current baseline scenarios, there are a number of variables which could be changed to reflect different underlying assumptions. For example, different assumptions could be made about the number of staff that would have been employed in the 'in-house' scenario.

In the section below we undertake such a sensitivity analysis and present the high level estimates on the basis of a number of different potential scenarios. These scenarios have been developed using the same basic analytical frameworks as the baseline scenarios discussed above, but have employed different data or assumptions to test the robustness of the conclusions stated above.

In conducting the sensitivity analysis we have decided to incorporate the assumptions in the IEEA CBA, and accordingly have not conducted a sensitivity analysis using the assumptions in the CIP CBA and the Marco Polo CBA. There are a number of analytical and practical reasons for this decision. Firstly, the principal difficulty in applying the assumptions in the CIP CBA and the Marco Polo CBA is that those reports, as presented, are not of the form and level of detail to allow for such a comparison to be made. In particular, both CBA's focussed on the externalisation of a certain set of pre-defined activities (the Marco

Polo programme or CIP programme) and therefore while the information presented allows for a potential comparison of the costs and benefits for each of these programmes in isolation, they do not easily yield to a comparison at the Agency level. Secondly, and at a more practical level, the information and underlying assumptions incorporated into the IEEA CBA are detailed and well-referenced and therefore present a more reliable basis on which to base the sensitivity analysis.

4.5.2.12. USING THE IEEA CBA 'IN-HOUSE' ASSUMPTIONS FOR 2005 TO 2008

The 2002 report, published prior to the establishment of the IEEA, is an *ex ante* assessment of the possible costs and benefits associated with the decision to externalise the activities into a new agency as compared to retaining the activities 'in-house' within DG TREN. It is possible to combine the assumptions of this report regarding the 'in-house' scenario with the actual data relating to staff and non-staff costs and then to compare the estimated costs/benefits with the baseline 'externalise' scenario discussed above. The results of this analysis are presented in the table below.

Table 21: IEEA CBA 'in-house' scenario costs for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|--|-----------|-----------|-----------|------------|--------------------|
| Total staff costs | 4,022,873 | 4,155,105 | 5,639,548 | 9,318,300 | 23,135,826 |
| Total administrative and technical costs | 1,694,772 | 2,547,080 | 2,852,146 | 4,926,434 | 12,020,432 |
| Total costs (nominal) | 5,717,645 | 6,702,185 | 8,491,694 | 14,244,733 | 35,156,258 |
| Costs per FTE equivalent | 146,606 | 167,555 | 154,394 | 149,945 | |
| Real costs (adjusted for inflation @4%) | | | | | |
| Total costs | 5,929,261 | 7,076,231 | 9,065,967 | 15,408,253 | 37,479,713 |
| Costs per FTE | 152,032 | 176,906 | 164,836 | 162,192 | |

Source: Own calculation; Eureval-C3 'Externalisation arrangements for "Intelligent Energy for Europe" Programme; A cost-effectiveness assessment' (10 December 2002)

The table below then uses these estimates of 'in-house' costs to compare the likely net benefit or cost to the Community under the 'in-house' assumption scenario. In estimating this cost/benefit we have deducted the estimated (discounted) total costs of the 'in-house' scenario over the four year period from the estimated (discounted) total costs of the baseline 'externalise' scenario over the same period.

Table 22: Comparison of externalisation and IEEA CBA 'in-house' scenario for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|------------------------------------|-----------|-----------|-----------|------------|--------------------|
| IEEA CBA 'in-house' scenario costs | 5,929,261 | 7,076,231 | 9,065,967 | 15,408,253 | 37,479,713 |
| Baseline externalise actual costs | 4,435,121 | 5,211,977 | 5,837,071 | 11,486,386 | 26,970,556 |
| Estimated saving | 1,494,140 | 1,864,254 | 3,228,895 | 3,921,868 | 10,509,157 |
| Cost effectiveness ratio | 1.34 | 1.36 | 1.55 | 1.34 | 1.39 |

Source: Deloitte

The estimates presented in the table above suggests that, under the assumptions, the decision to externalise certain activities to the EACI from 2005 has resulted in very significant benefits to the community budget over that period, from between €1.94 million to €3.92million per annum. In total the analysis suggests that the net benefit to the Community from the decision over the four year period is over €10.5 million.

This implies an estimated saving to the community budget of an additional €5.3 million over that estimated in the baseline ‘in-house’ scenario. The underlying reasons for the difference in the estimated cost savings under the two ‘in-house’ scenarios can be directly traced back to differences in the assumptions, specifically:

- the IEEA CBA assumes a significantly higher staff unit cost for Commission DG staff in its ‘in-house’ scenario. In particular, it assumes that the annual cost of Commission DG officials will be €132,232 and €86,865 for contractual agents, while under the baseline ‘in-house’ scenario the assumed cost of Commission DG officials would be €120,000 per annum and €77,000 for contractual agents (recall that this is based on the EACI financial statement (2007)).
- However, counteracting these higher staff costs under the IEEA CBA assumptions, it is inferred from the IEEA CBA report that the administrative and technical costs associated with the ‘in-house’ scenario are greater than those same costs if they are incurred by an external agency. This again differs from the baseline ‘in-house’ scenario which assumes that the administrative and technical costs are lower under the ‘externalise’ scenario than in the ‘in-house’ scenario.

Notwithstanding these differences between the two sets of analyses the key message to emerge is that under both scenarios the decision to externalise certain activities to the EACI is estimated to have resulted in substantial savings to the Community budget – in the range of €5.1 million to €10.5 million over the four year period.

4.5.2.13. USING THE 2004 FINANCIAL STATEMENT ‘MIX OF IN-HOUSE/EXTERNALISE’ ASSUMPTIONS

As a further check on the robustness of the estimates presented in the baseline scenarios discussed above we have utilised the assumptions used in the 2004 financial statement into our analysis, adjusted to account for changes in the activities of the EACI over time. Specifically, in this scenario it was assumed that the externalisation of the activities of the Commission would be partial – that is, some activities would be externalised to the EACI while others would still be undertaken by the Commission. The results of this ‘mixed’ scenario analysis are presented in the table below.

Table 23: 2004 ‘Mixed -scenario’ costs for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|--|-----------|-----------|-----------|------------|--------------------|
| Total staff costs | 4,355,969 | 4,494,597 | 6,111,785 | 10,165,151 | 25,127,502 |
| Total administrative and technical costs | 1,797,985 | 2,488,539 | 2,348,698 | 3,227,034 | 9,862,255 |
| Total costs (nominal) | 6,153,953 | 6,983,136 | 8,460,483 | 13,392,185 | 34,989,757 |
| Costs per FTE equivalent | 136,052 | 150,524 | 132,632 | 121,547 | |
| Real costs (adjusted for inflation @4%) | | | | | |
| Total costs | 6,378,457 | 7,365,985 | 9,053,153 | 14,661,446 | 37,459,041 |
| Costs per FTE | | | | | |

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|--|---------|---------|---------|---------|--------------------|
| | 141,015 | 158,777 | 141,923 | 133,067 | |

Source: Own calculation; European Commission 'Fiche Financière; ABB 06 01 04 11 Agence Exécutive pour l'Energie Intelligente (ligne à créer)' (2004)

The table below compares the estimates of this 'mixed' scenario to the externalisation costs. One again, in estimating the costs/benefits associated with this scenario we have deducted the estimated (discounted) total costs of the 'mixed' scenario over the four year period from the (discounted) total costs of the externalisation over the same period.

Table 24: Comparison of externalisation and 'mixed' scenario for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years |
|-----------------------------------|-----------|-----------|-----------|------------|--------------------|
| Baseline mixed scenario costs | 6,378,457 | 7,365,985 | 9,053,153 | 14,661,446 | 37,459,041 |
| Baseline externalise actual costs | 4,435,121 | 5,211,977 | 5,837,071 | 11,486,386 | 26,970,556 |
| Estimated saving | 1,943,336 | 2,154,008 | 3,216,082 | 3,175,060 | 10,488,485 |
| Cost effectiveness ratio | 1.44 | 1.41 | 1.55 | 1.28 | 1.39 |

Source: Own calculation

The estimates presented in the table above suggests that the decision to externalise certain activities to the EACI from 2005 has resulted in significant benefits to the community budget over that period as compared to this 'mixed' scenario. These savings are estimated at between €1.94 million to €3.17 million per annum. In total the analysis suggests that the net benefit to the Community from the decision over the four year period is over €10.4 million. In total this implies a substantial estimated saving to the community budget of an additional €5.3 million over that estimated in the baseline 'in-house' scenario.

There are a number of reasons underlying this difference in the estimated cost savings which are related to differences in assumptions, specifically the mixed scenario assumes that in addition to staff being located within the EACI, that there will also be staff working on activities related to the implementation of the various programmes within the parent Directorates of the Commission. So in 2005, for example, it is assumed that in addition to the 45 staff working for the external agency (i.e.: the EACI) that there will also be 8 staff members working within the Commission DGs on related implementation activities.

4.5.2.14. SUMMARY OF THE TANGIBLE COST-BENEFIT ANALYSIS

The conclusions of the tangible cost-benefit analysis are presented in the table below. Specifically, it compares the estimated costs associated with each of the assumed 'in-house' scenarios with that of the actual baseline 'externalise' scenario over the four year period 2005 to 2008.

Table 25: Comparison of the estimated saving under different scenarios for period 2005 to 2008 (€)

| | 2005 | 2006 | 2007 | 2008 | Total over 4 years | Cost effect. ratio |
|---|-----------|-----------|-----------|-----------|--------------------|--------------------|
| Saving compared to baseline 'in-house' scenario | 694,949 | 524,194 | 1,982,723 | 1,929,030 | 5,130,896 | 1.19 |
| Saving compared to IEEA CBA 'in-house' scenario | 1,494,140 | 1,864,254 | 3,228,895 | 3,921,868 | 10,509,157 | 1.39 |
| Saving compared to 'mixed' scenario | 1,943,335 | 2,154,007 | 3,216,081 | 3,175,060 | 10,488,485 | 1.67 |

Source: Own calculation

The analysis therefore shows that the decision to externalise these activities to an external agency has resulted in significant savings to the Community budget (between €5.1 million to €10.5 million) as compared to each of the alternative scenarios examined. This includes undertaking these activities either 'in-house' within the Commission DGs, or through a mixed arrangement which split the activities between the Commission DGs and the external agency.

As noted in the introduction to this section, the interpretation of the estimates of these types of CBA should always be treated with some caution given that they are driven by the specific assumptions employed. However, in this case, having undertaken a series of sensitivity checks that employ a range of assumptions for different key variables, we are reasonably confident that the general conclusion can be drawn that the decision to create an external agency in 2005 has resulted in a net saving to the Community budget.

4.5.3. ASSESSMENT OF 'INTANGIBLE' COSTS AND BENEFITS

In addition to assessing the estimated tangible costs and benefits associated with the decision to externalise specific activities to the EACI in 2005, we have also sought where possible to collect data and indicators that would allow us to present an assessment of any likely intangible costs and benefits associated with this decision.

Although the methodology adopted to assess the intangible costs and benefits is less systematic, and the data more qualitative in nature, than that used in the assessment of the tangible costs and benefits, the question examined when assessing the intangible costs and benefits of the decision to establish the EACI is similar in both cases and requires a comparison of how various intangible indicators associated with the EACI over the past three years compare to the same indicators which would have been observed had the activities continued to be undertaken by the various Directorates of the Commission.

As is generally well understood in exercises of this kind, the assessment of intangible costs and benefits is difficult to undertake with any precision. For this reason, our approach to this assessment has been conservative and limited in scope. We have chosen to only focus on a small number of qualitative indicators which compare the relative performance of the EACI to that of the parent Directorates of the Commission. These indicators are consistent with the factors required to be considered under the Council Regulation regarding laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.⁸⁵ In addition, they are consistent with those factors considered in the CIP CBA.

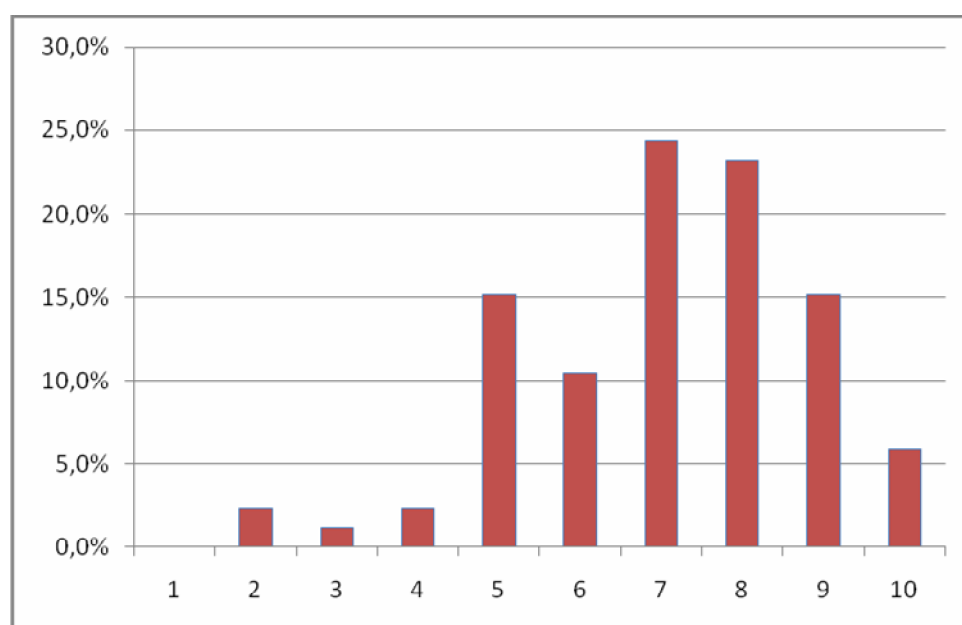
⁸⁵ Paragraph 6 of Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes.

The information used in this intangible assessment is based primarily on the results from the web-based survey. As such, these indicators are necessarily subjective and are based on the perceptions of the respondents, and it should be emphasised therefore that we are in no way claiming that this is a fully objective exercise. Rather, it is intended to be broadly indicative, and in this sense the discussion that follows should be viewed as a complement to the tangible cost-benefit assessment presented earlier.

4.5.3.1. OVERALL LEVEL OF SATISFACTION WITH THE QUALITY OF SERVICE

The Figure below suggests that the overall level of satisfaction of the quality of services delivered by the EACI is generally perceived to be greater than that compared to when the Commission DGs were responsible for these activities. Nearly 69% of respondents indicated a score of 7 or above, while around 20% of respondents indicated a score of 9 or 10, suggesting a high level of relative satisfaction of the quality of the EACI's services.

Figure 18: Compared to the Commission services, the overall quality of services delivered by the EACI is (please scale from 1 (= much worse) over 5 (= the same) to 10 (= much better)).



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 86 respondents

The responses of the respondents indicate a range of reasons for the change in the perceived quality of services delivered by the EACI. A number of respondents who were IEE National Contact Points noted that there was 'better information' available, that the website provided more information, and, moreover that this information was clear and more targeted. Likewise IEE project coordinators noted, among other things that compared to the Commission DGs the EACI was: much better organised; had faster reaction time and easier to contact; and that the relationship was much more of a partnership. A number of respondents also indicated a material change in the experience of the management.

4.5.3.2. IMPACT ON HUMAN RESOURCES

As part of the intangible assessment, we examined whether it was possible to compare the relative change in terms of human resources as a result of the externalisation to the EACI. Specifically, we examined the

number of staff and indicators of the perception of the quality of the staff at the EACI and then compared to the perception of what might have occurred at the Commission DGs if it had continued to undertake similar activities.

The table below compares the actual number of staff employed at the EACI over the period 2005 to 2008 with the assumed number of staff that would have been employed within the Commission DGs had the decision to externalise certain activities to the EACI not been taken. The staff numbers at the Commission DGs have been based on table 6.4 of the EACI financial statement (2007). As discussed earlier, this table suggests that the decision to externalise certain activities to the EACI in 2005 has likely resulted in slightly greater staff being required to undertake the various activities associated with the agency (as a result of monitoring and coordinate with the agency), relative to what would have occurred if these activities had continued to be undertaken by the respective parent Directorates of the Commission.

While this type of comparison was incorporated into the tangible CBA discussed above, it is noted here to highlight the specific impact of the externalisation of the EACI on staff resources. In this case, it shows that the externalisation of the CBA has resulted in very little impact on the human resources required, with slightly greater resources needed than would have been the case if the Commission DGs had continued to undertake the activities.

Table 26: Estimated number of staff at EACI and in Commission DGs

| | 2005 | 2006 | 2007 | 2008 |
|---------------------------------|------|------|------|------|
| Seconded officials/temp. Agents | 14 | 15 | 19 | 24 |
| Contractual agents | 25 | 25 | 36 | 72 |
| Total EACI staff | 39 | 40 | 55 | 95 |
| Commission officials | 14 | 15 | 19 | 23 |
| Contractual agents | 24 | 24 | 35 | 70 |
| Total assumed DG staff | 38 | 39 | 54 | 93 |
| Difference | 1 | 1 | 1 | 2 |

Source: Own calculation based on staff financial data provided by EACI (the figure for 2008 is an estimate of number of staff employed at that time); European Commission 'Legislative financial statement for amending Decision 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation'

4.5.3.3. WHAT ARE THE COSTS OF COORDINATION AND CHECKS?

In section 4.3.1., we provided a non-exhaustive overview of the monitoring arrangements between the Commission DGs and the Agency. In order to quantify the cost of coordination and checks we could calculate the cost of the different monitoring arrangements and its outputs (reporting). However, as no exact information was to be found on neither the number of attendees nor the duration of the different meetings, this exercise was not feasible. Moreover, the calculation of the cost of coordination and checks in the baseline in-house scenario was neither possible because not all information was quantifiable.

From a qualitative perspective we were able to collect the necessary data to formulate a judgment. For the externalise scenario we found:

- All interviewees indicated there is a high level of trust between the EACI and the Commission DGs caused by the high quality management and reporting from the EACI, the existence of good informal relationships on both Head of Unit as well as on Head of Unit with the EACI Director level and the fact that the EACI has Commission officials in its management positions. Therefore the 'externalise' scenario does not represent a significant higher cost compared to the 'in-house' scenario when looking to the cost of checks (in terms of supervising).

- For the IEE, Marco Polo and EIP programmes we received feedback from both the Commission DG's and the EACI that the cost of coordination (in terms of management) was acceptable. To our judgement the cost of coordination would not have been significantly different compared to the 'in-house' scenario.

However, we saw in section 4.3.1 there were weekly liaison meetings between DG ENTR and the Agency's animation Unit. To our judgement these meetings and the preparation and actions in follow up of these meetings represent a significant higher cost compared to when the network would have been managed 'in-house'.

4.5.3.4. EFFICIENCY AND FLEXIBILITY IN THE IMPLEMENTATION OF OUTSOURCED TASKS AND SIMPLIFICATION OF PROCEDURES USED

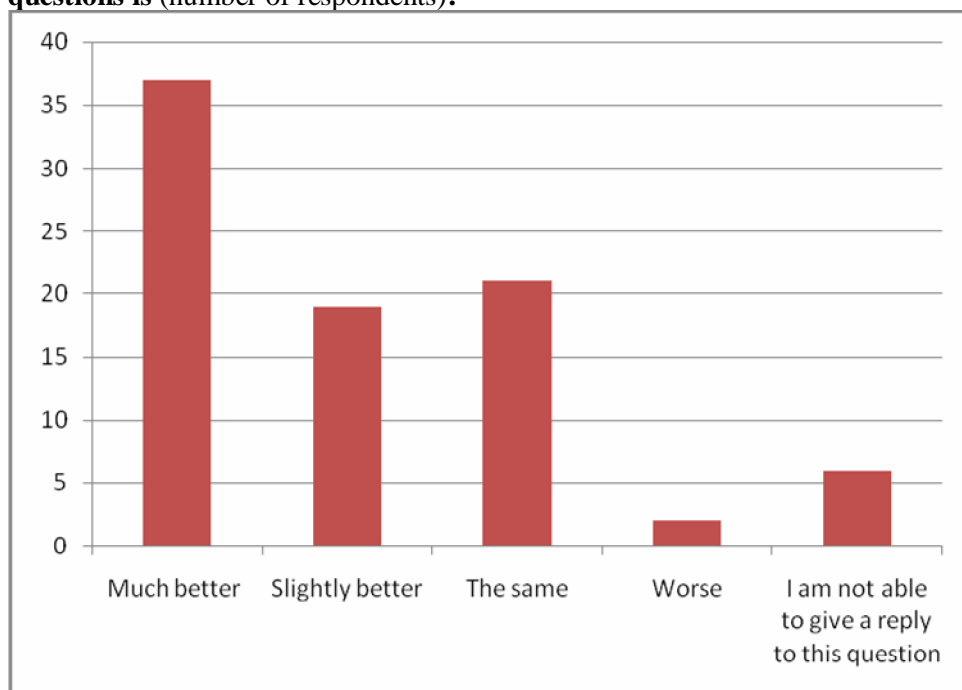
A comparison of the number of staff is only one indicator of the relative costs and benefits in terms of human resources from the decision to establish the EACI. Another important set of indicators relate to the *quality* of the staff, and in particular whether the service provided by the EACI is perceived to be of relatively higher or lower quality (in terms of efficiency, knowledge of specific programmes and overall expertise etc) than might have been expected at the Commission DGs. The figures that follow present some indicators which may be relevant in making such an assessment and are based on the responses to the web-based survey.

On the basis of this survey it is possible for us to be reasonably specific in what aspects of quality are perceived to be better provided at the EACI as compared to when the Commission DGs were responsible for these activities. The next three Figures below present different aspects of this perceived improvement in relative quality, which can be summarised as follows:

- The staff at the EACI are perceived by 65% of respondents to be more responsive to queries or questions of the various stakeholders as compared to the Commission DGs;
- In terms of the thematic knowledge or expertise of the staff of the EACI around 39% of respondents did not perceive any material change. However, around 40% of respondents reported that the expertise of the staff of the EACI was better than that of the Commission DGs;
- A large number of respondents (over 63%) reported that quality of support provided by the EACI is better (or much better) than that provided by the Commission DGs;
- Finally, over 60% of respondents indicated that the EACI's staffs were better at responding to problems that arose during project implementation.

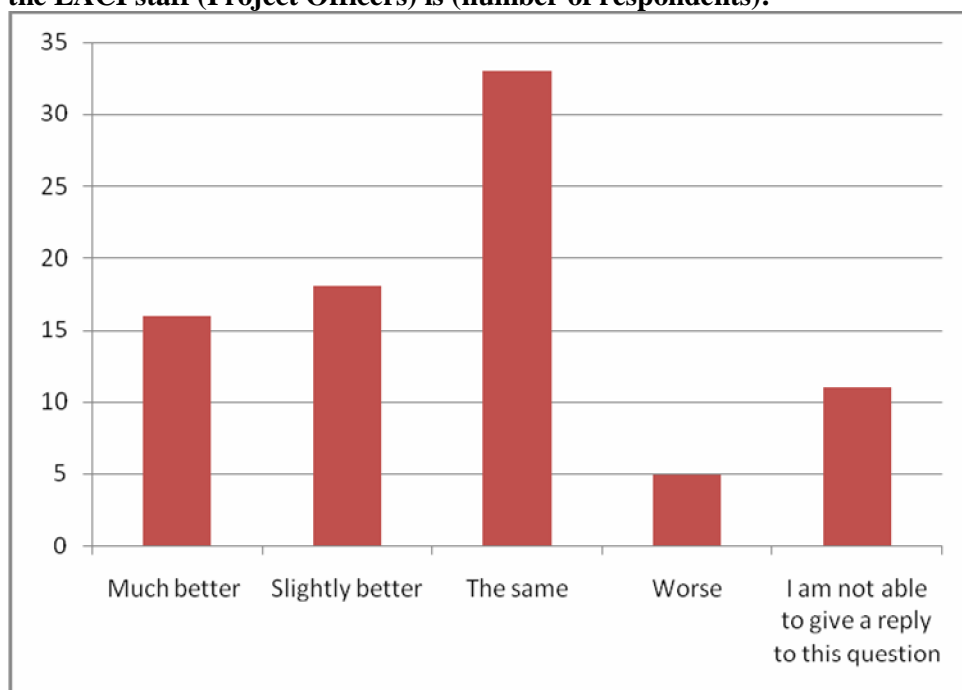
When asked to elaborate on the reasons underlying any perceived change in the availability and quality of EACI staff compared to the Commission DGs a broad range of responses was submitted. In general terms, the majority of the responses were positive. A number of respondents involved in the IEE programme noted that there was more staff available, and that the staff had greater experience and a better understanding of implementing European projects. Some respondents indicated, however, that it would be better if a single project officer was involved throughout a project. In relation to the Marco Polo programme a more limited number of responses were submitted, but those that did again indicated that it was important that staff interact with project providers as a 'team' and remain a constant point of contact throughout the life-cycle of the project.

Figure 19: Compared to the Commission DGs services, the EACI staff's availability to answer questions is (number of respondents):



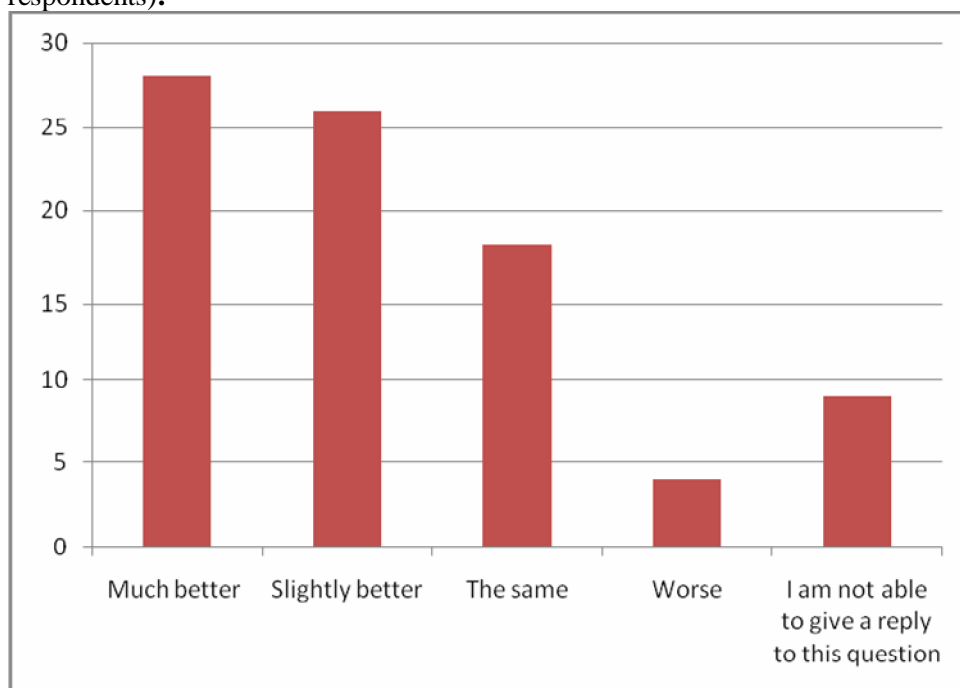
Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 85 respondents

Figure 20: Compared to the Commission DGs services, the level of thematic knowledge/expertise of the EACI staff (Project Officers) is (number of respondents):



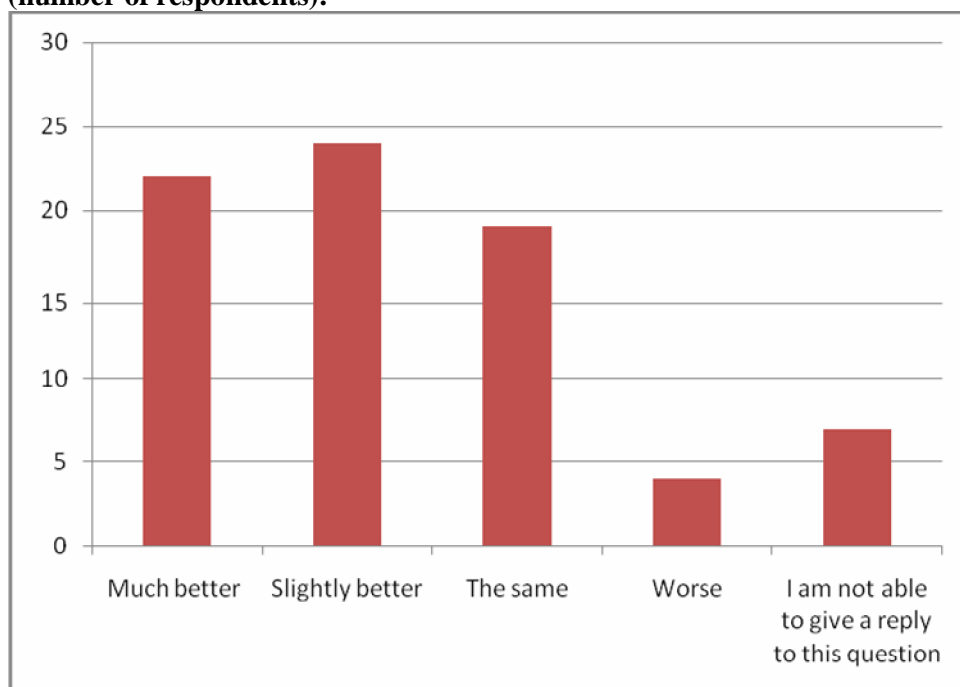
Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 83 respondents

Figure 21: Compared to the Commission DGs services, the quality of the support received from the EACI staff for your tasks towards the final beneficiaries and project's proposers is (number of respondents):



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 85 respondents

Figure 22: Compared to the Commission DGs services, when a problem encountered during the project implementation, the EACI staff's ability is in most cases to help to find a solution is (number of respondents):



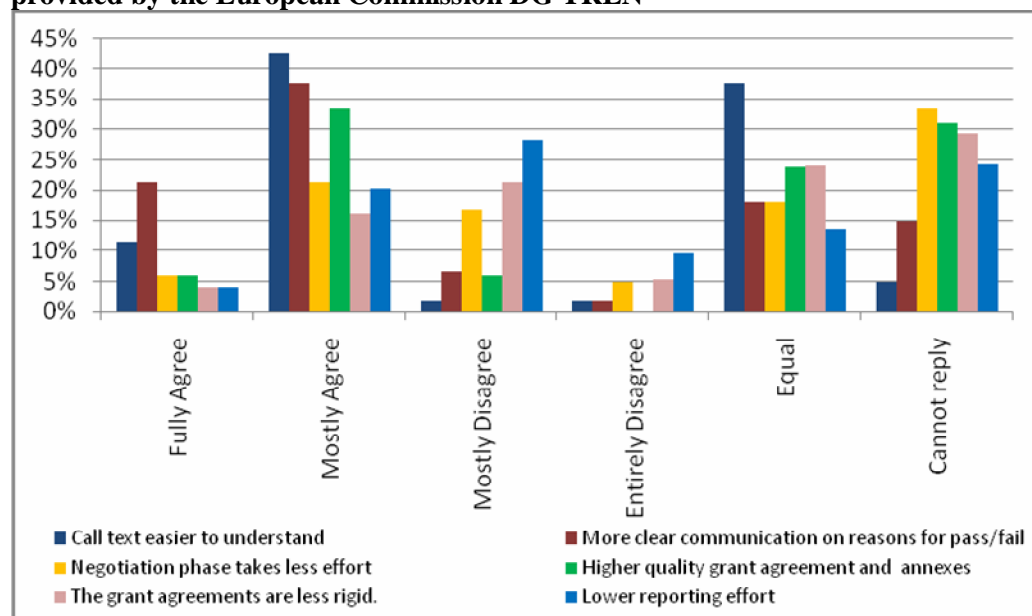
Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 76 respondents

In addition to assess the relative costs and benefits in terms of the implementation and simplification of procedures respondents to the web-based survey were asked to compare the EACI's procedures against the service provided by the Commission DGs in a number of key implementation aspects. The results of the survey are presented in the Figure below, and the various columns reflect the response to the following questions:

- Is it easier to understand the call text when published by the EACI? (blue column)
- Does the EACI communicates more clearly on the reasons to pass or to fail the evaluation phase and the expectations for the next steps (negotiation and signature of grant agreement, etc)? (red column)
- The negotiation phase takes less effort for projects managed by the EACI? (yellow column)
- The grant agreement and its annexes I and II concluded at the end of the negotiation phase is of higher quality and contributes more to the success of the project when done by the EACI? (green column)
- The current concluded grant agreements are less rigid? (pink column)
- The effort for reporting towards the EACI is lower now than when reporting towards the Commission DG TREN? (Aqua column)

The results in the Figure below present a mixed picture of the implementation process. On the one hand, a majority of respondents were of the view that, as compared to the Commission DGs, the EACI more ably produced clear text and was better at communicating the reasons why a specific project passed or failed the evaluation phase. On the other hand, however, a large number of respondents were of the view that the EACI's current grant agreements are not less rigid than when they were the responsibility of the Commission DGs, suggesting that the grant arrangements are at least, if not, more inflexible than those provided by the Commission DGs. In addition, almost 40% of respondents did not agree with the view that the reporting requirements are less burdensome at the EACI as compared to the requirements with the Commission DGs.

Figure 23: Indicators that compare the current service received from the EACI to the service when provided by the European Commission DG TREN



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 84 respondents

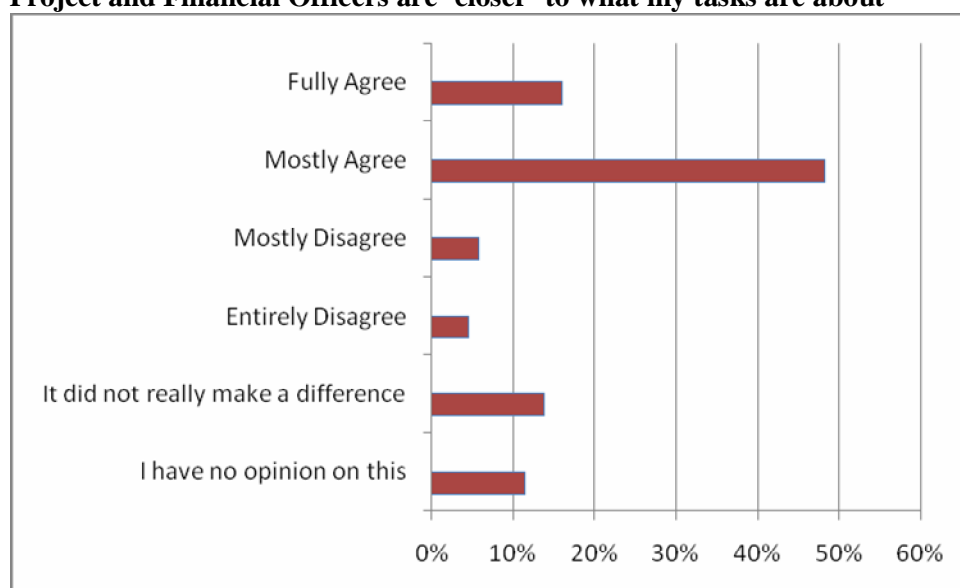
4.5.3.5. PROXIMITY TO, AND INTERACTION WITH, FINAL BENEFICIARIES

The final aspect of the intangible assessment examined if there is any perceived change in the proximity of the activities, and how staff interacts with final beneficiaries, as between the EACI implementing the programmes and when they were previously implemented by the Commission DGs.

The Figure below indicates that the majority of respondents (64%) to the web-based survey who addressed this issue were of the view that the project and financial officers at the EACI were ‘closer’ to their activities than was their experience at the Commission. Conversely, around 10% of respondents – roughly evenly split between IEE and Marco Polo respondents – were of the view that the Commission DGs’ project officers were closer to their tasks.

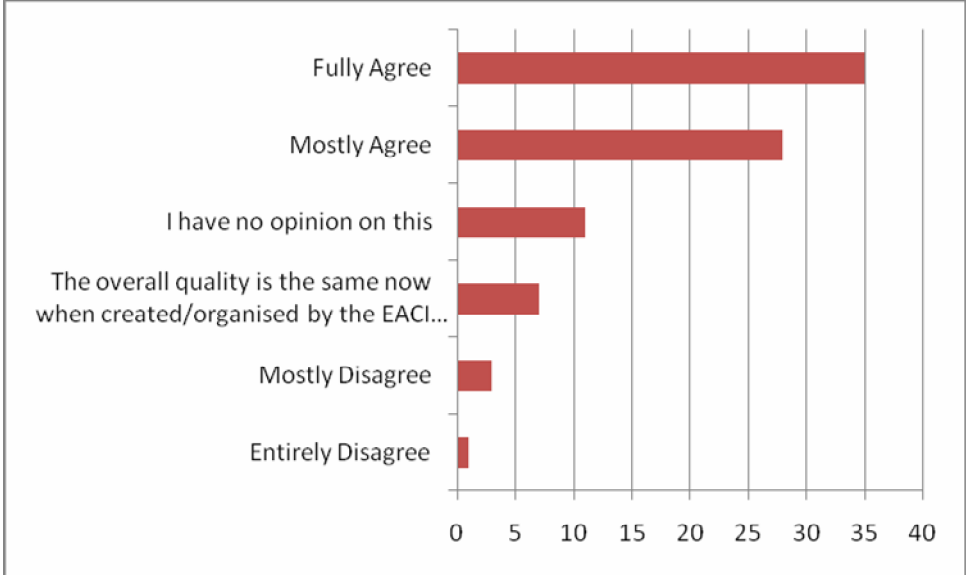
Once again it is possible on the basis of the results of the web-based survey to examine the underlying reasons for this result. The Figure below on the quality of information, for example, suggests that a large number of respondents (74%) indicated that there has been an improvement in the type and accessibility of the information provided by the EACI to final beneficiaries as compared to that provided by the Commission DGs. Among the more detailed reasons noted in the responses to this question, the final beneficiaries of the IEE programme, for example, indicated that improvements had been made in terms of: the ability to understand the initial call text when published; the guide for proposers is now more clearly written; there is better communication as to the reasons for the decisions; and finally the reporting requirements are less burdensome and more straightforward.

Figure 24: Compared to the Commission DGs services, the EACI gave me the feeling that the Project and Financial Officers are ‘closer’ to what my tasks are about



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 87 respondents

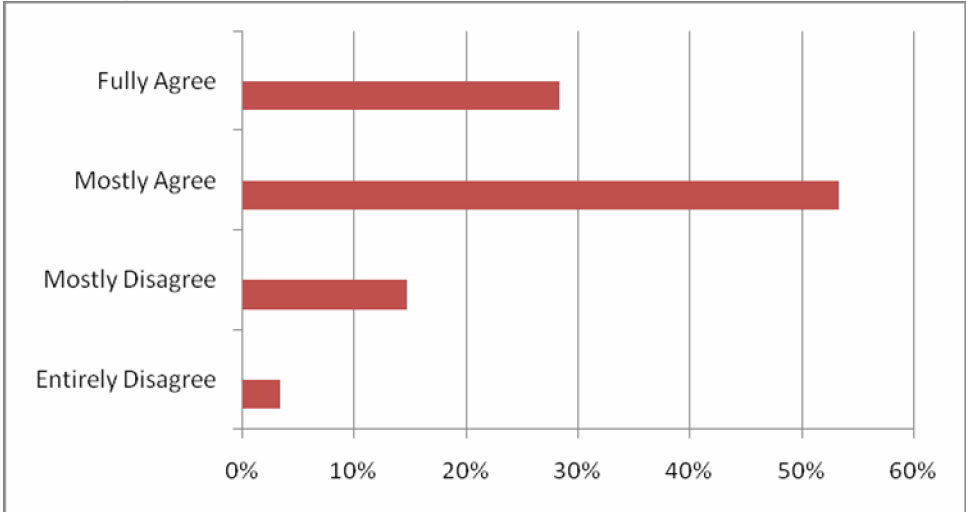
Figure 25: Compared to the Commission DGs the available programme information (website, brochures, leaflets, etc) is of an overall better quality (look & feel, clarity)



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 85 respondents

The results of the web-based survey presented in the Figure below suggest that a large number of final beneficiaries (over 80%) also perceived a noticeable difference in the management of the programmes from DG TREN to the EACI. When asked to provide reasons for this perceived change respondents indicated that there was generally a better level of communication with the EACI and that the EACI had ‘better and more experienced’ management staff. A very small number of respondents noted a negative difference in the management of the programmes. One respondent, for example, noted that when these activities were managed by the Commission DGs there was no contact with final beneficiaries and that you ‘had to go to the website’ to find out information about conferences etc. Conversely, another respondent differed and submitted that he had experienced some very good officers at the Commission DGs who had direct experience of the topic he was involved with.

Figure 26: The change from the management of the programme by DG TREN towards the EACI made a significant difference



Source: Web Survey IEE national contact points, IEE project coordinators and Marco Polo I and II project leaders, 88 respondents

4.5.3.6. SUMMARY OF INTANGIBLE COSTS AND BENEFITS

In summary, in order to assess the possible intangible costs and benefits associated with the decision to establish the EACI we have relied principally on qualitative information obtained from the responses to the web-based survey. The results therefore are necessarily subjective, and once again should be treated with some caution given that they are driven by the perceptions and interests of those responding to the survey (76 to 88 respondents to the WBS).

Nevertheless, despite the subjective nature of this assessment, taken as a whole the responses to the questions in the survey which asked respondents to compare different aspects of the EACI's activities and operations with that of the Commission DGs were generally favourable toward the EACI. More specifically, it is widely perceived that relative to when the Commission DGs undertook these activities, the management of the programmes is better at the EACI and that the interaction with project officers and staff has also improved. Moreover, a majority of respondents were of the view that the EACI provided a better quality service, through providing better and more accessible information which was clearly drafted and more targeted. In addition, the staffs at the EACI were seen to be relatively more responsive and understanding of the activities of the final beneficiaries than when these activities were undertaken by the Commission DGs.

4.5.4. CONCLUSION OF THE COST-BENEFIT ANALYSIS

A number of general conclusions can be drawn from the cost-benefit analysis presented above. First, the analysis strongly suggests that the decision to externalise these activities to an external agency has resulted in significant savings to the Community budget (estimated at between €5.1 million to €13.7 million) as compared to the hypothetical scenario where these activities continued to be provided 'in-house' within the Commission DGs, or where the implementation of the activities was split between the Commission DGs and the external agency.

Second, the analysis of possible intangible costs and benefits generally affirms the central conclusion of the tangible assessment that the decision to create the EACI has resulted in net benefits to the Community. A majority of respondents to the survey were, on average, generally favourable in their responses as to the benefits associated with the establishment of the EACI relative to when the activities were undertaken by the Commission DGs. Across the indicators examined, only a small number of respondents perceived that various aspects of the activities were better implemented by the Commission DGs than by the EACI, and in most cases these respondents were typically involved with the relatively new Marco Polo programmes rather than the IEE programme.

However, there are some intangible disbenefits that were identified in the assessment. In particular, a large number of respondents observed that the reporting requirements at the EACI are not less burdensome than the Commission DGs, and, in addition that grant agreements are as, if not more, rigid than when the grants were administered by the Commission DGs.

In summary, therefore, the conclusion of the CBA suggests that the decision to establish the EACI was a sound decision on the basis of an assessment of both tangible and intangible indicators.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Commission Decision 2004/2046/EC delegated the execution of the Intelligent Energy Europe (IEE) programme to the IEEA. Article 4 enumerated the tasks of the agency:

- **Project cycle management**, including preparatory work on financing decisions, project monitoring, producing overall control and supervision data, monitoring actual effects of the projects, and compiling a project database.
- **Dissemination**, including planning and implementing information operations, organising training and meetings, managing and directing a network and updating information about programmes managed by the Agency on the Commission's websites.
- **Information**, including analysing and transmitting information and preparing recommendation to the Commission relating to the implementation of the Community programmes, analysing and transmitting to the Commission all information relating to possible synergies with other Community programmes and contributing to the evaluation of the impact of the programme.

The application of these tasks were extended to other programmes/projects by the Commission Decision 2007/372/EC amending Decision 2004/20/EC that transforms the 'Intelligent Energy Executive Agency' (IEEA) into the Executive Agency for Competitiveness and Innovation (EACI).

The first objective of the evaluation was to assess the performance of the IEEA/EACI against the evaluation criteria: relevance, effectiveness, efficiency, and other impacts of the work of the EACI in performing its tasks. The Commission Decision 2007/3198/EC delegated powers to EACI in order to carry out the abovementioned new tasks. Article 4 of this decision reiterated the above mentioned executive tasks of **project cycle management, dissemination and information**, now applied to the execution of the Intelligent Energy Europe I, Intelligent Energy Europe II, Marco Polo I, Marco Polo II and parts of the Entrepreneurship and Innovation Programme.

The second objective was to assess the cost benefit aspects of the creation of the EACI.

The following conclusions are set out in terms of the evaluation criteria on the first objective, and in terms of tangible and intangible aspect for the second objective.

Relevance

The objectives and tasks set up in the Agency's legal framework are complementary, mutually supportive, and generally non-contradictory. With the integration of the new programmes/projects and subsequent increase in the number of parent-DGs, a Memorandum of Understanding and different Guidelines were created in order to better clarify the responsibilities of the different parties, e.g. on the exchange of information and on communication. This complete set of rules gives an appropriate framework for the Agency functioning but it is not detailed enough and leaves spaces for overlaps and uncertainties. It is interpreted differently by the DGs and they impose different services to the Agency.

Overall, we can state that the Agency's resources are appropriate to achieve its objectives and to realise its tasks. The administrative budget is adequate as it has constantly evolved with years with the integration of the respective parts of the EIP and the Marco Polo programme. The quantity and the quality of the staff are sufficient but the workload and the staff turnover are significant. The structure of the Agency – horizontal Unit and Operational Unit – seems also adequate.

From the point of view of the programmes beneficiaries, they are very satisfied with the current Agency arrangements. The fact that the Agency focuses its tasks on the project management and on the services to

them fully corresponds to their expectations. Furthermore, with the resources at their disposal, the Agency was able to adapt its own structure and mechanisms in order to satisfy the needs of the beneficiaries.

Finally, with regard to the relevance of the Steering Committee, we notice that this governance arrangement is efficient thanks to its small size. Steering Committee members meet regularly and are in the position to take informed decisions. Nevertheless, as the members are nominated for three years *ad personam*, it is possible that they do not represent the functions for which they were nominated during the whole appointment period as they are no longer involved in operational responsibilities that are close to the activities or programmes managed by the EACI. Nevertheless, we can consider that they can take objective decisions.

Effectiveness

For the correspondence between the actual operations of the Agency and the tasks defined in the Act of Delegation we can conclude that the Agency has gradually taken charge of most of the prescribed tasks but for some of them (e.g. execution of the grants under the first calls and HR management such as the rules for personnel management and the Staff performance evaluation) there was a delay compared to the planning.

The Agency reached the annual objectives defined in its Work Programmes. Some objectives were achieved in full later than foreseen but this did not have a significant impact on the Agency's effectiveness. In the last year concerned by the scope of this evaluation, new annual objectives were added to the Agency's work programme (the creation of synergies and close coordination with parent DGs) for which initiatives are deployed but the achievement of these objectives is still work in progress.

The Agency was effective in delivering high quality service of the managed programmes towards the final beneficiaries and towards the Commission DGs. Both the quality of the Agency's staff as well as the problem solving capacity contributed to this effectiveness.

The Agency was overall effective in the timeliness of its service. However, although many beneficiaries were satisfied with the availability of the Agency's staff, some experienced delays in replies and assumed this was because of the high workload at the Agency. Payment delays are an important concern for the EACI that is constantly trying to decrease the payment time.

The Commission DGs were satisfied with the Agency's timeliness of reporting.

The Agency was effective in delivering an accurate and transparent service. However, survey results showed that the negotiation and proposal phase took a lot of effort from the applicants. And, although the effort for reporting was considered as of an acceptable level, it remained a time consuming exercise. .

The Agency managed to create synergies, simplifications and economies of scale in the management of the different programmes and increased its efficiency. The manual on the contractual and financial procedures was updated in December 2007 with specificities of the new programmes. Further harmonisation and specific horizontal services (communication) could take up a more prominent role to enable the creation of synergies.

In terms of Commission DGs' support to synergies creation, we identified on the one hand organisational and administrative challenges and on the other hand, we identified good will and first initiatives.

The creation of the Agency allowed the Commission DGs to focus on institutional tasks but because of the reduced number of resources at the Commission DGs, the Commission Officials' contribution to the effectiveness of the programmes, for example, via targeted changed in the Work Programmes or via contributions of projects outputs to the policy, was moderate. Moreover, specifically for the IEE programme, the enlargement of the tasks of the Agency decreased the informal information channels,

which decreased the Commission DGs capabilities to contribute to the effectiveness of the programme due to the increasing distance between the DGs staff and the projects.

Efficiency

The current monitoring arrangements with the Agency provide sufficient support to the Commission DGs to follow up on the management of the Agency.

For the Enterprise Europe Network, the eco-innovation pilot and market replication projects and the Marco Polo programme it is too early in the process of externalisation to formulate a conclusion on the adequacy of the monitoring arrangements to enable the Commission to draw political conclusions and to maintain an adequate level of know how. Since the enlargement of the scope of the Agency, the parent DG of the Intelligent Energy Europe Programme faced difficulties in this regard as there was a decrease in the number of informal contacts that previously provided the necessary feedback which cannot easily be replaced by a paper/document reporting.

The Agency adopted an internal structure and processes which contributed to the effectiveness and efficiency of its operations. For financial processes, this was based on a thorough risk analysis. Both the lack of sufficient IT resources and problems with IT systems (ABAC and PMS) as well as the human resources policy were identified as decreasing factors in the Agency's effectiveness and efficiency.

The procedures and mechanisms in place between the Steering Committee and the Agency enabled a smooth and efficient interaction. However, we identified a different frequency in the provision of feedback from the Steering Committee Members towards the respective Directorates which delivered diverging results in terms of smoothness and efficiency. Between the Commission DGs and the Director, appropriate mechanisms were in place.

The Agency acquired and developed the required expertise to carry out its tasks efficiently and effectively, however, challenges in terms of long hiring time for Financial Officers and Project Officers, high workload, difficulties to find IT resources and a turnover of estimated 16% (25% for the Financial Officers and 11% for the Project Officers) risk to compromise the Agency's capabilities.

Other Impacts

In terms of unintended results or impacts we identified that the creation of the Agency as a separate legal entity made that, at the start up phase of the Agency, there was a need for further clarification of the relations between the Commission services and the Agency. Also, the multi-DG parentage has become more complex as the market replication unit is now managing parts of programmes of two different DGs.

The Community is visible as responsible for the programmes/projects managed by EACI. However, feedback showed that there is need for continuous coordination to limit the perceived risk that there might be a decrease in the visibility of the Commission DGs as responsible authority for the programmes/projects.

Cost Benefit Analysis - Tangible aspects

The analysis suggests that the externalisation of activities to an external agency resulted in savings to the Community budget as compared to the scenario where these activities continued to be provided within the Commission DGs, or where the implementation of the activities was split between the Commission DGs and an external agency.

Cost Benefit Analysis - Intangible aspects

The analysis of possible intangible costs and benefits generally strengthens the central conclusion of the tangible assessment that the decision to create the EACI has resulted in net benefits to the Community. Across the indicators examined, only a small number of respondents perceived that the Commission DGs better implemented various aspects of the activities than by the EACI.

There are some intangible disbenefits that were identified in the assessment. In particular, a large number of respondents observed that the reporting requirements at the EACI are not less burdensome than the Commission DGs, and, in addition, that grant agreements are as, if not more, rigid than when the grants were administered by the Commission DGs.

5.2. Recommendations

We therefore RECOMMEND that the EACI:

- put in place a monitoring system to proactively define its human and financial resources necessary to manage the Agency and its activities in the coming years;
- put in place a matrix structure (instead of pyramidal structure) which reinforces the role of the Resources Unit for the following horizontal activities: communication on the programmes, coordination of the Financial Officers and financial issue resolution, human resources management;
- continue its current efforts to simplify administrative procedures based on a thorough risk analysis and with the support of the Commission DGs;
- communicate to the beneficiaries throughout the life cycle of a project the project management structure (first line contact and back up procedures);
- communicate clearly on what has changed compared to previous calls for proposals;
- further optimise the use of the Intelligent Energy Europe National Contact points to enable them to effectively assist the applicants;
- maintain its clear focus on financial process simplifications and improved IT support/infrastructure to decrease the number and length of the payment delays to final beneficiaries;
- provide specific assistance to first time proposers;
- collaborate with the Commission to decrease the length of the project management cycle that relies on the responsibility of both parties;
- look at the possibility to start using online reporting tools for the beneficiaries to report to the EACI;
- update its manual on the contractual and financial procedures by using administrative simplification methods such as the Standard Cost Model;
- investigate with the support of DG BUDG the use of an interface between ABAC and the EACI's Project Management System;

- develop a clear and transparent talent and retention strategy (e.g. evaluation of agents linked to bonus policy) with the support of the Commission Services.

We therefore RECOMMEND that the COMMISSION:

- maintain the legal framework of the Executive Agency for Competitiveness and Innovation including the objectives the EACI has to achieve and the tasks it has to realise;
- define more precisely in the Memorandum of Understanding or any other adequate agreement, the DGs level of involvement in the activities of the EACI with respect of the Agency's autonomy as defined in the Act of Delegation;
- create one specific budget line to finance the entire administrative budget of the Agency instead of difference budget lines coming from different DGs to allow organisational synergies between the Agency Units;
- maintain the Agency as responsible for the management of the current programmes and projects;
- simplify the procedures to recruit Agency Contract Agents enabling recruitment without making use of the EPSO database (European Personnel Selection Office).

We therefore RECOMMEND that the COMMISSION and the EACI:

- further investigate the future synergies at Commission level regarding priorities of the programmes and network managed by the EACI on the one hand and at EACI level for management and simplification of common procedures for programmes (harmonisation of procedures) and network on the other hand;
- improve the transparency of the information available in the Agency and the Commission:
 - To organise, where not yet in place, regular meetings with desk officers and project officers to exchange information on project results and outcomes and policy issues;
 - To mutually inform on the roles and responsibilities of all staff members;
 - To optimise the use of IT solutions to share information;

We therefore RECOMMEND that the STEERING COMMITTEE:

- should be composed with members according to their function and not *ad personam*;
- continue to use the support of the Commission's Head of Units in the execution of their management tasks.

ANNEXES

- Annex 1: Comparison Table Work Programmes-Activity Report;
- Annex 2: Overview Synergies;
- Annex 3: Payment Delays;
- Annex 4: Supporting tables for cost-benefit analysis;
- Annex 5: Planning;
- Annex 6: List of consulted documents.

5.3.

Annex 1: Achievement of the Work Programme objectives

| Types of activity | Objectives | Outputs |
|-------------------------------|---|---|
| 2005 | | |
| Management Activities | Implementation and execution of principles of good management/sound financial management | <p>As foreseen, the financial circuit was put in place and was fully autonomous for the operational part of the budget from 15th September onwards.</p> <p>No major problems were reported, however the administrative part of the budget was not transferred until January 2006.</p> <p>The necessary steps to develop a standard financial reporting were taken but no progress report was produced.</p> |
| | Ensure necessary human resources and training | <p>All staff was not recruited in June as foreseen. The Agency had 39 staff members under contract on 31st December 2005 instead of 46.</p> <p>Extended training activities were carried out but the AAR does not mention Training map.</p> <p>The Staff Committee, the rules for personnel management and the Staff performance evaluation system were not set-up in 2005 as foreseen (2006).</p> |
| | Managing the administration of the Agency | <p>The Agency moved into its current premises in February 2005.</p> <p>All financial operations relating to the administrative budget were processed under the control of DG TREN.</p> <p>Some service level agreements were pending to be signed, for example with DG BUDG and SCIC.</p> <p>Necessary steps were taken to ensure the Agency's autonomy starting 1st January 2006.</p> |
| Operational activities | Kick-off and monitor the grants awarded under the 2003 EIE Call | <p>Operational management was only carried out in proportion to the availability of POs/FOs at the Agency.</p> <p>Financial control ensured by DG TREN until 15 Sept 2005.</p> <p>80% of the project meetings were attended by the Agency's project officers.</p> <p>The AAR does not mention many indicators that have been reached.</p> |
| | Execute the call for proposals under the 2004 EIE Call | <p>DG TREN organised the European Info Day in January 2005.</p> <p>DG TREN jointly with the IEEA executed the call.</p> |
| | Execute the call for proposals under the 2005 EIE call | <p>The call for proposals 2005 was published in October 2005 instead of July as foreseen.</p> <p>A system for rapid responses to inquiries was set up and a list of frequently asked questions published.</p> |
| | To publish and disseminate information about the EIE programme | <p>The communication programme was conceived</p> <p>The programme website was restructured and made more user-friendly.</p> |
| | Feed-in of recommendations to Commission to guide the implementation of the IEE Programme | <p>A quantitative and qualitative report on the evaluation of the proposals resulting from the call for proposals 2004 was presented to the programme committee in June 2005.</p> <p>Recommendations were made to DG TREN on the IEE Annual Work programme 2006 in accordance with the Act of Delegation.</p> |
| 2006 | | |
| Management Activities | To implement and execute the principles | <p>The Agency applies an internal control system compliant with the 24 Internal Control Standards defined by the Commission. Accordingly,</p> |

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| Types of activity | Objectives | Outputs |
|-------------------------------|---|--|
| | of sound financial management | <p>the Agency implements DG BUDG's "Baseline requirements at 31st December 2006" which are compulsory for all Commission departments.</p> <p>The Agency's manual on contractual and financial procedures was presented to the Steering Committee in July 2006. The WP envisaged finalising it by March.</p> |
| | To ensure the necessary human resources and training | <p>All members of the Agency were subject to up-to-date job descriptions and individual objectives. Training activities were carried out and coordinated in 2006, entailing a combination of Commission newcomer training and specific job-related training.</p> <p>Regarding the local staff committee, the decision and rules for its creation were adopted by the Steering Committee in October 2006.</p> <p>On 31st December 2006, the Agency had 41 staff members under contract and 46 were planned.</p> |
| | To manage the administration of the Agency | <p>The Agency's organisational structure was adopted by the Steering Committee on 22nd December 2004.</p> |
| Operational Activities | To monitor the grants awarded under the 2003 and 2004 IEE Calls | <p>The Agency managed a total 218 of projects originating from the Calls for proposals 2003 and 2004.</p> <p>Most advanced payments executed by 30 April 06 (few payments as a consequence of the late reception of valid financial guarantees processed later).</p> <p>14 coordinator meetings were organised by the IEEA during 2006.</p> <p>Status reports per key actions were finalised in 2007, so late compare to the objective.</p> |
| | To execute the 2005 IEE Call for Proposals | <p>Experts were invited in April and May 2006.</p> <p>The Call 2005 was executed with the evaluation, negotiation, contract signature and execution of pre-financing of 125 projects.</p> <p>The Director signed the grant agreements after the negotiations were finalised (between August and November).</p> |
| | To execute the 2006 IEE Call for proposals | <p>The call for proposals 2006 was published in late May 2006 with a submission deadline of 31st October 2006.</p> <p>A system for rapid responses to enquiries was set up. There is no information on the updated programme website at the same time with the publication of the call.</p> |
| | To publish and disseminate information about the IEE programme | <p>The 2006 communication strategy was adopted in March 2006.</p> <p>A Framework contract for information and dissemination activities and also four specific contracts for audiovisual production, creation of information material, support for events and project database development were signed end of 2006. It was later than foreseen.</p> <p>An IEE newsletter presenting highlights from IEE projects is published quarterly and is promoted actively through the internet and mail shots.</p> |
| | To put recommendations to the Commission to guide the implementation of the IEE Programme and follow-up programme for 2007-2013 | <p>A report on the results of the Calls 2003-2005, including a special background note on the results of the 2005 Call, was transmitted to DG TREN in May 2006. It was later than foreseen (January).</p> <p>IEEA staff participated in the IEE II Task Force, in charge of preparing a draft IEE II Work Programme 2007.</p> <p>They contributed to the IEE Programme Committee works of DG TREN.</p> |

| Types of activity | Objectives | Outputs |
|-------------------------------|---|--|
| 2007 | | |
| Management Activities | To ensure close coordination with parent-DGs and the Steering Committee | Director to become AOD (Authorising Officer by Delegation for appropriations). Communication Guidelines were developed. (bilateral) Meetings between Agency and Parents DGs took place, plus meetings of the Steering Committee. |
| | To ensure the necessary human resources and training | All HoUs and Senior Officers were recruited and the additional staff increase of 50% compared to 2006. Flexitime implemented by 1 st May 2007. Nothing mentioned in the AAR concerning the new training programme to be set up by 4th quarter 2007, the design and update job descriptions (all staff). |
| | To manage the administration of the Agency | Two buildings were occupied for the additional staff. Due to staff limitations the Agency's IT organisation did not yet segregate the functions of local security officer (LSO) and local information security officer (LISO). The AAR does not mention additional indicators. |
| | To implement the principles of sound financial management | The indicators from the AWP do not appear in the AAR. |
| Operational Activities | To manage the IEE I programme | The Agency monitored the grants awarded under 2003, 2004 and 2005 calls and implemented the 2006 call for proposals. IEE project database will be made public in 1 st quarter of 2008 (instead of 4 th quarter 2007) and there were fewer videos reports produced in 2007 than scheduled. Provision of briefings and specific presentations to DG TREN and its Cabinet on request were set up and specific workshop timed to fit workflows of DG TREN's policy department. |
| | To manage the IEE II programme | The Agency promoted and implemented the 2007 call for proposals on time. The Agency generated and disseminated information about the IEE II programme (European and national info days). The staff of EACI "contributed" to the preparation of WP 2008 for general and technical parts. |
| | To manage the CIP-Entrepreneurship and Innovation Programme (EIP) | The Agency did not acquire the capacity to assume full "autonomy" for the Enterprise Europe Network in 2007. Only limited tasks related to budget implementation for the "project management". Evaluation and signature of grant agreements of the call for proposals IPR Awareness Enforcement project was still managed by parent DG. Preparation of call for proposals was carried out in cooperation with parent DG. Other activities consisted in recruitment efforts but by the end only HoU and one assistant had taken duties. |
| | To manage the Marco Polo I and II Programmes | Some tasks already foreseen for the Agency in its 2007 work programme were still carried out by the parent DG. One additional staff member has joined the Unit by end of December making the full "autonomy" impossible. |
| 2008⁸⁶ | | |
| Management Activities | To coordinate with the parent DGs and | Steering Committees were held on 22 nd February, 30 th June and 6 th October 2008. |

⁸⁶ Based on Quarterly Reports.

| Types of activity | Objectives | Outputs |
|-------------------------------|---|---|
| | the Steering Committee | The Agency participated in DG TREN working group to prepare IEE WP2009. |
| | To ensure the necessary human resources and training | For the period 01/01-2008-12/11/2008: FO: average of 6 training days (general/it & language training) ; PO: average of 7 training days (general/it & language training). The average costs of the trainings followed per PO/FO was, for the period 01/01/2008 - 12/11/2008: FO: 1000 euro; PO: 1200 euro. In the beginning of September 2008 there were 126 FTE at the Agency. |
| | To manage the administration of the Agency | The quarterly reports do not contain information on the management of the administration of the Agency, however, an oral explanation is provided by the Director on the evolution of the enlargement of the management tasks of the Agency during the Steering Committee. |
| | To implement the principles of sound financial management | In the quarterly reports information is provided on the programme and Agency financials. |
| Operational Activities | To manage the IEE I and CIP IEE II programme | Managing the Project Life Cycle: Ongoing IEE I grant agreements: 359 Closed IEE I grant agreements: 88 % Payment delays: 23% Call 2007: all negotiations completed by end July 2008 Call 2008: 83 external experts selected and test of RIVET system Dissemination: IEE European Info Day New IEE project database online 60 000 hard copies of IEE News Review N3 distributed Recommendation to parent DG: Recommendations on 2009 priorities for promotion and dissemination |
| | To implement the activities of the CIP of the CIP EIP programme | Enterprise Europe Network Where in 2007 the EACI became responsible for the project management of the Enterprise Europe Network, it became also responsible for the Animation of the Network in 2008. <u>Project Management</u> Number of Grant Agreements: Consortium: 79 and Partners: 479 Preparation of the use of the Performance Enhancement System Setting up and testing IT Tools <u>Animation</u> Training session organised (90 network partners) Launch of new visual identify and network intranet online Working groups on quality and performance and partnerships held Daily management of the IT help desk Eco-Innovation Call closed on 11th September 2008 (134 proposals received) Selection of 40 experts 50 000 page views per month for the programmes' website |
| | To implement the Marco-Polo I and | The work programme as well as the call 2008 content was published under TREN responsibility early February 2008. The time limit for |

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| Types of activity | Objectives | Outputs |
|-------------------|--|--|
| | Marco Polo II programmes | <p>projects presentation was the 7th of April. EACI took since then the complete responsibility of the management follow-up. This means that EACI has organised the official opening, the external experts' evaluation process, the final evaluation and the endorsement of the proposed list by the Director. After agreement on the proposed list by TREN, the EACI started negotiations with a strict time limit of the 31st of October.</p> <p>A draft communication plan was sent to DG TEN on 1st October.</p> <p>Ongoing grant agreements: On-going 62, closed 11.</p> <p>% Payment delays: MP I (63%), MP II (0%).</p> |
| | To create and enhance synergies between the programmes managed by the Agency | <p>The information note to the EACI Committee on the creation and enhancement of synergies in the management of programmes by the EACI discussed in the Steering Committee of 22nd December 2008, contains a series of synergies created or enhanced in the administration of the Agency, and the Programme Cycle, in the communication of the Agency and between the programmes managed by the EACI</p> |

Sources: 2005-2008 Work Programmes, 2005-2007 Activity Reports, 2008 Quarterly Reports, interviews.

Annex 2: Evidence of synergies between the programmes/networks management by the EACI

| Data (Qualitative or Quantitative) |
|--|
| (1) Synergies in the administration of the Agency and implementation of the Project Management Cycle |
| <p>FOs and horizontal services (accounting, legal staff) from IEE programme were involved in training for staff of new programmes with similar projects (Eco-Innovation). Objective: to improve the quality of beneficiaries' cost claims</p> <p>POs from new programmes (Eco-Innovation) followed internal training with external experts to learn on evaluation procedure followed under IEE programme</p> <p>Model Grant agreements for the newly delegated programmes/project (Eco-innovation and Enterprise Europe Network) following the experience of IEE (e.g. reduce request for bank guarantees). Suggestions made to DG ENV to simplify financial rules in the EIP work programme (Eco-innovation)</p> <p>In-house training provided by operational units (lunch-time sessions)</p> <p>Evaluation Committees for call for proposals is also composed of members of other operational unit (exchange experience)</p> <p>One single call of interest for selection of external experts for various programmes: IEE, Eco-innovation and Marco Polo</p> <p>Electronic submission and evaluation tools used by other Commission departments (DG RTD) used by IEE, Eco- innovation, Marco Polo</p> |
| <p>Call documents (guide for proposals, application forms and grant agreement were adapted to the need of Eco-innovation (following IEE experience, LIFE+)</p> <p>HoSector Finance IEE, Unit 2 was the tutor on the new FO eco-innovation and participated in Eco-Innovation Unit meetings</p> <p>Participation of 2 new PO eco-innovation in the evaluation exercise of IEE Call 2008</p> <p>Participation of a member of LIFE+ unit on the lunchtime session on Eco-innovation, clarifying questions related to the differences and similarities from both programmes</p> <p>Presentation of Eco-innovation initiative at LIFE+ Committee in January 2008 and at the ECAP Committee (Environmental Compliance Assistance Programme for SME)</p> <p>Exchange of information and set up a starting point for a good cooperation with DG RTD-Directorates Environment and Biotechnologies</p> <p>Contacted the European Technology Platform "Food for Life" to promote the Eco-innovation call.</p> <p>Exchange of information and coordination meetings with Food and Drink Unit at DG ENTR E.4 and Working and Sustainable construction DG ENTR.1.5</p> |
| (2) Synergies in communication |

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| |
|---|
| <p>EACI Communication Plan includes in same document the activities for the 3 programmes</p> <p>Info day for one programme, rest of programmes managed by EACI are presented</p> <p>IEE National Contact Points had a special training session about Marco Polo, EIP Eco-innovation and Enterprise Europe Network</p> <p>Further steps: To launch a “CIP info day” in early 2008 in cooperation with DG ENTR</p> |
| <p>(3) Synergies between programmes managed by EACI</p> <p>Since the Enterprise Europe Network has recently been set up, there are only opportunities “identified” for synergies:</p> <p>Information from other programmes of interest to the business community (SMEs) can be disseminated via the network’s internal communication system (intranet and internal message system)</p> <p>Guidelines for sector groups of the Enterprise Europe Network managed by the network partners need to be drafted between DG ENTR and EACI (specific subject areas or services for SMEs)</p> <p>Various events organised by Enterprise Europe Network and organised by Network partners can be the moment to bring relevant results on business opportunities from project supported by the programmes managed by EACI</p> |
| <p>Eco-innovation Unit participated on the network informal sector group on environment (Munich 6 May 2008)</p> |

Source: Summary of Synergies of Eco-innovation within the CIP programme and Information Note to the EACI Steering Committee (6/10/2008)

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Annex 3: Payment Delays

Source for each table: EACI
PAYMENT DELAYS – IEE I

| YEAR | Programme | # payments | % payment delays (% objective) | Average Payment Delay (# days) (objective in number of days) | Negative evaluation by Financial Controller (%) (% objective) |
|--------------|-----------|------------|--------------------------------|--|---|
| Jan-Dec 2006 | IEE I | 254 | 9 | 28 | 11 |
| Jan-Dec 2007 | IEE I | 295 | 22 | 36 | 9 |
| Jan-Sep 2008 | IEE I | 187 | 23 (15) | 41 (35) | 7 (7) |

PAYMENT DELAYS – IEE II

| YEAR | Programme | # payments | % payment delays (% objective) | Average Payment Delay (# days) (objective in number of days) | Negative evaluation by Financial Controller (%) (% objective) |
|--------------|-----------|------------|--------------------------------|--|---|
| Jan-Dec 2007 | IEE II | 0 | 0 | 0 | 0 |
| Jan-Mar 2008 | IEE II | 1 | 0 (15) | 17 (35) | 0 (7) |
| Jan-Sep 2008 | IEE II | 35 | 0 (15) | 18 (35) | 0 (7) |

PAYMENT DELAYS – Enterprise Europe Network

| YEAR | Programme | # payments | % payment delays (% objective) | Average Payment Delay (# days) (objective in number of days) | Negative evaluation by Financial Controller (%) (% objective) |
|--------------|---------------------------|------------|--------------------------------|--|---|
| Jan-Dec 2007 | Enterprise Europe Network | 1 | 0 | 15 | 0 |
| Jan-Mar 2008 | Enterprise Europe Network | 20 | 25 (15) | 38 (35) | 11 (7) |
| Jan-Sep 2008 | Enterprise Europe Network | 133 | 6 (15) | 26 (35) | 0 (7) |

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PAYMENT DELAYS – MP I

| YEAR | Programme | # payments | % payment delays (% objective) | Average Payment Delay (# days) (objective in number of days) | Negative evaluation by Financial Controller (%) (% objective) |
|--------------|-----------|------------|--------------------------------|--|---|
| Jan-Sep 2008 | MP I | 8 | 63 (15) | 102 (35) | 19 (7) |

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Annex 4: Supporting tables for cost-benefit analysis

In this annex we present the supporting tables underlying the estimates presented in the cost-benefit analysis in section 4.6. In particular, we present the relevant staff numbers, staff costs and non-labour costs associated with each of the scenarios examined in that section.

A.1 ESTABLISHMENT OF THE BASELINE ACTUAL COSTS OF EACI

Table A1: Baseline ‘externalise’ staff numbers and costs (€)

| | 2005 | 2006 | 2007 | 2008 |
|---|----------------|----------------|----------------|----------------|
| Staff numbers | | | | |
| Seconded officials and temporary agents | 14 | 15 | 19 | 23.5 |
| Contractual agents | <u>25</u> | <u>25</u> | <u>36</u> | <u>71.5</u> |
| Total | 39 | 40 | 55 | 95 |
| Actual total staff salary costs (incl pensions) | | | | |
| Seconded officials and temporary agents | 1139184 | 1220554 | 1494821 | 4175320 |
| Contractual agents | <u>1223623</u> | <u>1223623</u> | <u>1458753</u> | <u>2718257</u> |
| Total | 2362807 | 2444177 | 2953574 | 6893576 |
| Actual per unit staff salary costs | | | | |
| Seconded officials and temporary agents | 81370 | 81370 | 78675 | 177673 |
| Contractual agents | <u>48945</u> | <u>48945</u> | <u>40521</u> | <u>38018</u> |
| Total | 60585 | 61104 | 53701 | 72564 |

Source: Deloitte; financial data provided by EACI; The final accounts with report on budgetary and financial management for the EACI for the year 2006; The Annual Activity Reports for the IEEA for the years 2005 and 2006

Table A2: Baseline ‘externalise’ non-labour costs (€)

| | 2005 | 2006 | 2007 | 2008 |
|--|----------------|------------------|------------------|------------------|
| Actual other non-labour costs | | | | |
| Administrative expenses | 923,000 | 1,027,035 | 1,451,282 | 2,506,760 |
| Technical costs and administrative support | <u>657,000</u> | <u>1,347,554</u> | <u>1,207,713</u> | <u>2,086,050</u> |
| Total | 1,580,000 | 2,374,589 | 2,658,995 | 4,592,810 |
| Actual per unit non-labour costs per FTE | | | | |
| Administrative expenses | 23,667 | 25,676 | 26,387 | 26,387 |
| Technical costs and administrative support | <u>16,846</u> | <u>33,689</u> | <u>21,958</u> | <u>21,958</u> |
| Total | 40,513 | 59,365 | 48,345 | 48,345 |

Source: Deloitte; financial data provided by EACI; The final accounts with report on budgetary and financial management for the EACI for the year 2006; The Annual Activity Reports for the IEEA for the years 2005 and 2006

A.2 ESTIMATED BASELINE ‘IN-HOUSE’ SCENARIO FOR 2005 TO 2008

Table A3: Assumed ‘internalise’ staff numbers and costs (€)

| | 2005 | 2006 | 2007 | 2008 |
|---|------------------|------------------|------------------|------------------|
| Assumed 'internalise' staff numbers | | | | |
| Commission officials | 14 | 15 | 19 | 23 |
| Contractual agents | <u>24</u> | <u>24</u> | <u>35</u> | <u>70</u> |
| Total | 38 | 39 | 54 | 93 |
| Assumed total staff salary costs | | | | |
| Commission officials | 1,600,750 | 1,715,089 | 2,172,446 | 2,686,973 |
| Contractual agents | <u>1,710,203</u> | <u>1,710,203</u> | <u>2,462,692</u> | <u>4,891,180</u> |
| Total | 3,310,953 | 3,425,292 | 4,635,138 | 7,578,153 |
| Assumed 'internalise' per unit staff salary costs | | | | |
| Commission officials | 117,000 | 117,000 | 117,000 | 117,000 |
| Contractual agents | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> |
| Total | 86,872 | 87,625 | 86,236 | 81,626 |

Source: Deloitte; European Commission ‘Legislative financial statement for amending Decision 2004/20/EC in order to transform the “Intelligent Energy Executive Agency” into the Executive Agency for Competitiveness and Innovation’

Table A4: Assumed ‘uplift’ ratio of Commission DGs to EACI staff

| | Commission | EACI | Ratio |
|---------|------------|-------|-------|
| 2011/12 | 159 | 162.7 | 0.98 |

Source: Deloitte; European Commission ‘Legislative financial statement for amending Decision 2004/20/EC in order to transform the “Intelligent Energy Executive Agency” into the Executive Agency for Competitiveness and Innovation’, table 6.4

Table A5: Assumed ‘internalise’ non-labour costs

| | 2005 | 2006 | 2007 | 2008 |
|---|----------------|------------------|----------------|------------------|
| Assumed ‘internalise’ non-labour costs | | | | |
| Administrative expenses | 730,024 | 812,307 | 1,147,855 | 1,982,658 |
| Technical costs and administrative support | <u>519,638</u> | <u>1,065,814</u> | <u>955,210</u> | <u>1,649,908</u> |
| Total | 1,249,661 | 1,878,121 | 2,103,065 | 3,632,567 |
| Assumed ‘internalise’ per unit non-labour costs per FTE | | | | |
| Administrative expenses | 19,154 | 20,780 | 21,356 | 21,356 |
| Technical costs and administrative support | <u>13,634</u> | <u>27,265</u> | <u>17,772</u> | <u>17,772</u> |
| Total | 32,788 | 48,046 | 39,127 | 39,127 |

Source: Deloitte; European Commission ‘Legislative financial statement for amending Decision 2004/20/EC in order to transform the “Intelligent Energy Executive Agency” into the Executive Agency for Competitiveness and Innovation’

A.3 SENSITIVITY ANALYSIS: EUREVAL ‘IN-HOUSE’ SCENARIO FOR 2005 TO 2008

Table A6: Eureval ‘in-house’ staff numbers and costs (€)

| | 2005 | 2006 | 2007 | 2008 |
|--|------------------|------------------|------------------|------------------|
| Eureval ‘in-house’ staff numbers | | | | |
| Commission officials | 14 | 15 | 19 | 23.5 |
| Contractual agents | <u>25</u> | <u>25</u> | <u>36</u> | <u>71.5</u> |
| Total | 39 | 40 | 55 | 95 |
| Eureval ‘in-house’ staff salary costs | | | | |
| Commission officials | 1,851,248 | 1,983,480 | 2,512,408 | 3,107,452 |
| Contractual agents | <u>2,171,625</u> | <u>2,171,625</u> | <u>3,127,140</u> | <u>6,210,848</u> |
| Total | 4,022,873 | 4,155,105 | 5,639,548 | 9,318,300 |
| Eureval ‘in-house’ per unit staff salary costs | | | | |
| Commission officials | 132,232 | 132,232 | 132,232 | 132,232 |
| Contractual agents | <u>86,865</u> | <u>86,865</u> | <u>86,865</u> | <u>86,865</u> |
| Total | 103,151 | 103,878 | 102,537 | 98,087 |

Source: Deloitte; Eureval-C3 ‘Externalisation arrangements for “Intelligent Energy for Europe” Programme; A cost-effectiveness assessment’ (10 December 2002)

Table A7: Eureval ratio of Commission DGs to EACI staff

| | Commission | EACI | Ratio |
|------|------------|------|-------|
| 2004 | 68 | 68 | 1.00 |

Source: Deloitte; Eureval-C3 'Externalisation arrangements for "Intelligent Energy for Europe" Programme; A cost-effectiveness assessment' (10 December 2002)

Table A8: Eureval 'in-house' non-labour costs

| | 2005 | 2006 | 2007 | 2008 |
|---|----------------|------------------|------------------|------------------|
| Eureval 'internalise' non-labour costs | | | | |
| Administrative expenses | 990,047 | 1,101,639 | 1,556,704 | 2,688,852 |
| Technical costs and administrative support | <u>704,725</u> | <u>1,445,441</u> | <u>1,295,442</u> | <u>2,237,582</u> |
| Total | 1,694,772 | 2,547,080 | 2,852,146 | 4,926,434 |
| Eureval 'internalise' per unit non-labour costs per FTE | | | | |
| Administrative expenses | 25,386 | 27,541 | 28,304 | 28,304 |
| Technical costs and administrative support | <u>18,070</u> | <u>36,136</u> | <u>23,553</u> | <u>23,553</u> |
| Total | 43,456 | 63,677 | 51,857 | 51,857 |

Source: Deloitte; Eureval-C3 'Externalisation arrangements for "Intelligent Energy for Europe" Programme; A cost-effectiveness assessment' (10 December 2002)

A.4 SENSITIVITY ANALYSIS: 'MIX OF IN-HOUSE/EXTERNALISE' SCENARIO FOR 2005 TO 2008

Table A9: 'Mixed scenario' staff numbers and costs (€)

| | 2005 | 2006 | 2007 | 2008 |
|--|-----------|-----------|-----------|------------|
| Mixed scenario staff numbers | | | | |
| Seconded officials and temporary agents | 14 | 15 | 19 | 23 |
| Contractual agents | 24 | 24 | 35 | 70 |
| DG Staff - officials and temporary staff | 7 | 7 | 10 | 17 |
| DG Staff - contractual and auxiliary staff | - | - | - | - |
| Total | 45 | 46 | 64 | 110 |
| Mixed scenario total staff costs | | | | |
| Seconded officials and temporary agents | 1,641,795 | 1,759,066 | 2,228,150 | 2,755,870 |
| Contractual agents | 1,881,223 | 1,881,223 | 2,708,961 | 5,380,298 |
| DG Staff - officials and temporary staff | 832,951 | 854,309 | 1,174,674 | 2,028,983 |
| DG Staff - contractual and auxiliary staff | - | - | - | - |
| Total | 4,355,969 | 4,494,597 | 6,111,785 | 10,165,151 |
| Mixed scenario per unit staff salary costs | | | | |

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Seconded officials and temporary agents | 120,000 | 120,000 | 120,000 | 120,000 |
| Contractual agents | 77,000 | 77,000 | 77,000 | 77,000 |
| DG Staff - officials and temporary staff | 117,000 | 117,000 | 117,000 | 117,000 |
| DG Staff - contractual and auxiliary staff | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> |
| Total | 96,302 | 96,883 | 95,812 | 92,258 |

Source: Deloitte; European Commission 'Fiche Financière; ABB 06 01 04 11 Agence Exécutive pour l'Energie Intelligente (ligne à créer)' (2004)

Table A10: 'Mixed scenario' up-lift ratio of Commission DGs to EACI staff

| | Commission | EACI | Ratio |
|---------|------------|-------|-------|
| 2011/12 | 159 | 162.7 | 0.98 |

Source: Deloitte; European Commission 'Legislative financial statement for amending Decision 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation'

Table A11: Assumed ratio of Commission DGs to EACI staff for programmes

| | Commission | EACI | Ratio |
|---------|------------|------|-------|
| 2011/12 | 29.7 | 159 | 0.19 |

Source: Deloitte; European Commission 'Fiche Financière; ABB 06 01 04 11 Agence Exécutive pour l'Energie Intelligente (ligne à créer)' (2004)

Table A12: 'Mixed scenario' non-labour costs

| | 2005 | 2006 | 2007 | 2008 |
|--|----------------|------------------|------------------|------------------|
| Mixed scenario non-labour costs | | | | |
| Administrative expenses(EACI) | 923,000 | 923,000 | 923,000 | 923,000 |
| Administrative expenses(Commission) | 217,985 | 217,985 | 217,985 | 217,985 |
| Technical costs and administrative support | <u>657,000</u> | <u>1,347,554</u> | <u>1,207,713</u> | <u>2,086,050</u> |
| Total | 1,797,985 | 2,488,539 | 2,348,698 | 3,227,034 |
| Mixed scenario per unit non-labour costs per FTE | | | | |
| Administrative expenses(EACI) | 24,217 | 23,612 | 17,172 | 9,942 |
| Administrative expenses(Commission) | 30,619 | 29,854 | 21,712 | 12,570 |
| Technical costs and administrative support | <u>17,238</u> | <u>34,473</u> | <u>22,469</u> | <u>22,469</u> |
| Total | 39,750 | 53,641 | 36,820 | 29,288 |

Source: Deloitte; European Commission 'Fiche Financière; ABB 06 01 04 11 Agence Exécutive pour l'Energie Intelligente (ligne à créer)' (2004); financial data provided by EACI; The final accounts with report on budgetary and financial management for the EACI for the year 2006; The Annual Activity Reports for the IEEA for the years 2005 and 2006

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Annex 5: Planning

| Evaluation of the first three years of operation of the EACI | | SEPTEMBER | | | | OCTOBER | | | | | NOVEMBER | | | | DECEMBER | | | | JANUARY |
|--|---|-----------|--------|--------|--------|--------------------|--------|--------|--------|--------|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| ver 1.3 | Type of Activity | Week 1 | Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 | Week 9 | Week 10 | Week 11 | Week 12 | Week 13 | Week 14 | Week 15 | Week 16 | Week 17 | Week 18 |
| 1. | Phase 1 Preparation, desk research, structuring and inception | 1/sep | 8/sep | 15/sep | 22/sep | 29/sep | 6/okt | 13/okt | 20/okt | 27/okt | 3/nov | 10/nov | 17/nov | 24/nov | 1/dec | 8/dec | 15/dec | 22/dec | 29/dec |
| 1.1. | Kick Off Meeting | | | | | | | | | | | | | | | | | | |
| 1.2. | Commission (4) interviews | | | | | | | | | | | | | | | | | | |
| 1.3. | Preliminary desk research | | | | | | | | | | | | | | | | | | |
| 1.4. | Refine methodological approach | | | | | | | | | | | | | | | | | | |
| 1.5. | EACI management interviews (2) | | | | | | | | | | | | | | | | | | |
| 1.6. | Draft Inception Report | | | | | | | | | | | | | | | | | | |
| 1.7. | Presentation of the Draft Inception Report to the Steering Committee | | | | | Steering Committee | | | | | | | | | | | | | |
| 1.8. | Inception Report (approved) | | | | | | | | | | | | | | | | | | |
| 2. | Phase 2 - Data gathering and analysis | | | | | | | | | | | | | | | | | | |
| 2.1. | Preparation of the fieldwork activities | | | | | | | | | | | | | | | | | | |
| | Web-based surveys (IEE Project Coordinators, IEE National Contact Points, EEN Local Contact Points) | | | | | | | | | | | | | | | | | | |
| 2.2. | Additional interviews of EACI and the European Commission | | | | | | | | | | | | | | | | | | |
| 2.3. | Desk research and benchmark | | | | | | | | | | | | | | | | | | |
| 2.4. | Additional Telephone Interviews with National Contact Points (when necessary) | | | | | | | | | | | | | | | | | | |
| 2.5. | Workshop with EACI management | | | | | | | | | | | | | | | | | | |
| 2.6. | Preliminary analysis of the first results | | | | | | | | | | | | | | | | | | |
| 2.7. | Progress Report | | | | | | | | | | | | | | | | | | |
| 2.8. | Communication of the Progress Report to the Steering Committee | | | | | | | | | | | | | | | | | | |
| 2.9. | Progress Report (approved) | | | | | | | | | | | | | | | | | | |
| 2.10. | Progress Report (approved) | | | | | | | | | | | | | | | | | | |
| 3. | Phase 3 - Judgement and reporting phase | | | | | | | | | | | | | | | | | | |
| 3.1. | Analysis and drawing conclusions | | | | | | | | | | | | | | | | | | |
| 3.2. | Draft Final Report | | | | | | | | | | | | | | | | | | |
| 3.3. | Presentation of the Draft Final Report to the Management Committee | | | | | | | | | | | | | | | | | | |
| 3.4. | Final Report (approved) | | | | | | | | | | | | | | | | | | |
| 3.5. | Presentation of the report to the Steering Committee of the IEE | | | | | | | | | | | | | | | | | | |
| 4. | Project management | | | | | | | | | | | | | | | | | | |
| 4.1. | Project management | | | | | | | | | | | | | | | | | | |

Annex 6: List of documents

| # | Title (and year) | Official document reference |
|----|---|-----------------------------|
| 1 | COMMISSION REGULATION 1653-2004 | |
| 2 | COUNCIL REGULATION (EC, EURATOM) No 1995/2006 of 13 December 2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities | (EC, EURATOM) No 1995/2006 |
| 3 | COMMISSION REGULATION (EC, EURATOM) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities | (EC, EURATOM) No 478/2007 |
| 4 | 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 | (EC) No 58/2003 |
| 5 | 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 | (EC) No 1653/2004 |
| 6 | COMMISSION REGULATION (EC) No 1821/2005 of 8 November 2005 amending Regulation (EC) No 1653/2004 as regards the posts of accounting officers of executive agencies | (EC) No 1821/2005 |
| 7 | COMMISSION DECISION of 23 December 2003 setting up an executive agency, the 'Intelligent Energy Executive Agency', to manage Community action in the field of energy in application of Council Regulation (EC) No 58/2003 | (EC) No 58/2003 |
| 8 | COMMISSION DECISION of 31 May 2007 amending Decision 2004/20/EC in order to transform the 'Intelligent Energy Executive Agency' into the Executive Agency for Competitiveness and Innovation (2007/372/EC) | (2007/372/EC) |
| 9 | COMMISSION DECISION of 11.06.2004 delegating powers to the Intelligent Energy Executive Agency with a view to performance of tasks linked to implementation of the multiannual programme for action in the field of energy: "Intelligent Energy - Europe" (2003-2006) comprising in particular implementation of appropriations entered in the Community budget | C(2004) 2046 final |
| 10 | Projet de DECISION DE LA COMMISSION du[...] portant délégation à l'Agence exécutive pour la compétitivité et l'innovation en vue de l'exécution de tâches liées à la mise en œuvre du programme Energie intelligente - Europe 2003-2006, du programme Marco Polo 2003-2006, du programme-cadre pour l'innovation et la compétitivité 2007-2013 et du programme Marco Polo 2007- | C(2007)3198 (draft) |

| # | Title (and year) | Official document reference |
|----|--|-----------------------------|
| | 2013 comprenant notamment l'exécution de crédits inscrits au budget communautaire | |
| 11 | Draft COMMISSION DECISION appointing the five members of the Steering Committee of the Intelligent Energy Executive Agency | C(2004)959 (draft) |
| 12 | Projet de DECISION DE LA COMMISSION du[...] portant nomination des cinq membres du comité de direction de l'Agence exécutive pour la compétitivité et l'innovation | C(2007)3197 (draft) |
| 13 | DECISION No 1230/2003/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2003 adopting a multiannual programme for action in the field of energy: 'Intelligent Energy — Europe' (2003 — 2006) | No 1230/2003/EC |
| 14 | REGULATION (EC) No 1382/2003 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 July 2003 on the granting of Community financial assistance to improve the environmental performance of the freight transport system (Marco Polo Programme) | (EC) No 1382/2003 |
| 15 | DECISION No 1639/2006/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) | No 1639/2006/EC |
| 16 | REGULATION (EC) No 1692/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 October 2006 establishing the second 'Marco Polo' programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (Marco Polo II) and repealing Regulation (EC) No 1382/2003 | (EC) No 1692/2006 |
| 17 | IEEA Work Programmes 2005-2007 | |
| 18 | EACI Work Programmes 2007-2008 | |
| 19 | IEEA Annual Activity Reports 2005-2006 (including annexes) | |
| 20 | EACI Annual Activity Report 2007 | |
| 21 | IEEA Monthly Reports Jan 2006-Jul 2007 (not May 2006) | |
| 22 | EACI Quarterly Reports Jul 2007-Sept 2008 (not Apr-Jun 2008) | |
| 23 | Memorandum of Understanding – Cooperation with regards to the use of the Executive Agency for Competitiveness and Innovation (EACI) – 26/09/2007 | |
| 24 | Guidelines for effective exchange of information between the EACI and its parents-DGs – 18/12/2007 | |
| 25 | Guidelines for effective financial and budgetary relations between EACI and its parent-DGs – 23/06/2008 | |
| 26 | Externalisation arrangement for "Intelligent Energy for Europe" Programme. A cost-effectiveness assessment – Final report – 10/12/2002 | |
| 27 | Cost Benefit Analysis of the externalisation of the certain tasks regarding the implementation of the Competitiveness and Innovation Framework Programme (2007-2013) through an executive Agency – Final report – Oct 2006 | |
| 28 | Cost-effectiveness study concerning the externalisation of programme management tasks related to the second "Marco Polo" Programme (2007-2013) – Final report – | |

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| # | Title (and year) | Official document reference |
|----|---|-----------------------------|
| | 30/10/2006 | |
| 29 | European Commission Internal Audit Service – Final report – Audit of the Intelligent Energy Executive Agency – 30/01/2007 | |
| 30 | European Commission Internal Audit Service – Draft Follow-up Audit Report on IAS Final Audit Report on the Intelligent Energy Executive Agency – 17/03/2008 | |
| 31 | European Court of Auditors – Preliminary observations (pursuant to Article 248(4), second subparagraph, EC) on Intelligent Energy 2003-2006 – 13/03/2008 | |
| 32 | Framework Training Plan | |
| 33 | Job descriptions EACI staff | |
| 34 | Final Accounts with Report on budgetary and financial management – 2006 | |
| 35 | Europe's commitment to small businesses – brochure | |
| 36 | CIP Agency – 2007 Administrative budget – possible financial circuits – 11/01/2007 | |
| 37 | EACI HR Indicators | |
| 38 | EACI Information Note to the EACI Steering Committee - Creation and enhancement of synergies in the management of programmes by the EACI – 06/10/2008 | |
| 39 | Ex ante evaluation of a renewed multiannual Community programme in the field of energy (2007-2013) – Final report – Sept 2004 | |
| 40 | CIP ECO-INNOVATION PILOT AND MARKET REPLICATION PROJECTS: FREQUENTLY ASKED QUESTIONS (UPDATED VERSION 29 JULY 2008) | |
| 41 | Marco Polo Programme Frequently Asked Questions (FAQ) as of 17 July 2006 | |
| 42 | Final Accounts with Reports on Budget implementation and budgetary and financial management, 2006-2007 | |
| 43 | LEGISLATIVE FINANCIAL STATEMENT for amending Decision No 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation | |
| 44 | General Indicators payment delays, downloads, evaluation time, efficiency | |
| 45 | HR numbers and lists 2006-2008 | |
| 46 | ICS Manual | |
| 47 | IEE Call 2008 – Planning | |
| 48 | IEE Call 2009 – Draft planning | |
| 49 | INTELLIGENT ENERGY - EUROPE 2003-2006 GLOBAL WORK PROGRAMME for the years 2003-2006 – 15 October 2003 | |
| 50 | Agence exécutive pour la compétitivité et l'innovation – Quatorzième réunion du comité de direction – 22/02/2008 – Agenda | |
| 51 | Eco-innovation 2008-2013 brochure | |
| 52 | Marco Polo Grant Agreement model | 5.3.1. |
| 53 | Mid Term Evaluation of the Multiannual Programme for Action in the Field of Energy "Intelligent Energy - Europe, 2003-2006" – A Final Report to Directorate - General Energy and Transport – 14/03/2006 | |