



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 19 September 2007
COM(2007) 535/2

**Amended proposal for
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the further implementation of the
European satellite radionavigation programmes (EGNOS and Galileo)**

EXPLANATORY MEMORANDUM

1) The proposal for a Regulation adopted by the Commission in July 2004.

On 14 July 2004 the Commission adopted a proposal for a Regulation of the European Parliament and of the Council on the implementation of the deployment and commercial operating phases of the European programme of satellite radionavigation¹. This proposal had two main objectives.

Firstly, as the Galileo programme had reached an advanced stage of maturity and went well beyond the framework of a simple research programme, it was necessary to place it on a specific legal basis which was consistent with the future European space programme and better able to satisfy its needs and respond to the requirement for sound financial management.

Secondly, this proposal dealt with financing the part of the Galileo programme funded by the Community budget during the 2007-13 financial framework. It also provided for a financial contribution from the European Community of EUR 1 billion for the period from 1 January 2007 to 31 December 2013.

On 21 April 2005 the Council reached an agreement (partial general approach) on the Commission's proposal for a Regulation, with the exception of the budgetary details, with final approval dependant on the outcome of the debate on the 2007-13 financial framework. The main amendment introduced by the Council was to include the EGNOS programme in the proposed Regulation.

Parliament has also examined the text at first reading and on 5 September 2005 gave a generally very positive opinion of it. Like the Council it wished to see the EGNOS programme included in the proposed Regulation.

It should be pointed out that, when the Commission adopted its proposal for a Regulation in July 2004, it was foreseen that the deployment and commercial operating phases of the Galileo programme would be the subject of a private sector concession. The financial contribution from the European Community was, therefore, to be limited to one third of the cost of deployment of the system and to the payment of annual subsidies to the future concessionaire during the first years of operation.

2) Changes during the programme.

In the light of the difficulties that arose in the negotiations on the concession contract, the Transport Council of 22 March 2007 asked the Commission to assess all progress made regarding the Galileo project, to propose, as soon as possible, ways of guaranteeing the public financial commitments in the long term, to provide for a scenario for making EGNOS satellite navigation services available in the short term and, lastly, to assess the progress of the concession contract negotiations and to suggest detailed alternative scenarios.

¹ COM(2004) 477 final.

The European Parliament made a similar request in its Resolution adopted on 26 April 2007², in particular to improve the public management of the programme by ensuring clear political responsibility and the Commission's leadership role.

The Commission responded to the requests made by Parliament and the Council in the Communication which it adopted on 16 May 2007³. Firstly, it invited them to take note of the failure of the negotiations on the concession contract, to reaffirm the necessity to put in place an autonomous satellite navigation system and to recognise that, in this respect, the characteristics of the Galileo system remain fully compatible with the ambitions of the European Union. The Commission subsequently made the following main proposals with a view to ensuring the satisfactory continuation of the programme:

- Ensure that the entire Galileo constellation is deployed by the European Community itself; the system may later be operated commercially through a public-private partnership.
- Nominate the European Space Agency as procurement agent for the deployment of the system. The Agency would act on behalf of the European Union, under its authority and by its rules.
- Strengthen and restructure the public governance of the European GNSS programmes by giving the Commission, as representative of the European Community, political responsibility and a leadership role.
- Take immediate action to ensure that EGNOS, which will enter into operation at the start of 2009, can implement its services as a precursor to Galileo.

In May 2007 the Commission stated that the new proposed scenario is the only one which will allow the system established under the Galileo programme to be fully operational by the end of 2012. The political decision-making process currently foresees this date being postponed until mid-2013. It requires a budget commitment of EUR 3.4 billion between 2007 and 2013, i.e. EUR 2.4 billion more than the amount originally stated in the proposal adopted by the Commission on 14 July 2004. This significant increase in the contribution from the Community budget is mainly the result of the European Community assuming responsibility for all aspects of deployment of the system.

Following the Communication from the Commission, the Transport Council adopted a Resolution in June 2007 in which it largely agreed to the Commission's proposals. In particular, the Council:

- concluded that the concession contract negotiations had failed and should be ended;
- invited the Commission to continue with the implementation of a certifiable EGNOS, with the initial service available by 2008;
- reaffirmed the value of Galileo as a key project of the European Union and supported the deployment of the Galileo system by the end of 2012;

² European Parliament Resolution of 26 April 2007 on the Galileo concession contract negotiations.

³ COM(2007) 261 final.

- recognised that the implementation of a deployment of Galileo and EGNOS by the public sector would need additional public funding;
- requested the Commission to submit to it by September 2007 detailed proposals for financing, proposals for an implementation and procurement strategy which will have to reflect progress made so far as well as the need for competition, concepts for the role of the private sector in the commercial operating phase, and proposals for a sound public-sector management structure of the programme on the basis of a clear division of responsibilities between the Commission, the European Space Agency, the European GNSS Supervisory Authority, Member States and the Council.

In its Resolution of 20 June 2007⁴ Parliament also supported the proposals put forward by the Commission in its Communication of 16 May 2007, in particular regarding Community financing for the programmes and the need to improve public governance of them.

3) The proposed amendments to the text initially put forward by the Commission.

The proposals put forward by the Commission to amend its initial proposal for a Regulation reflect the abandonment of the concession plan for the deployment phase, as well as the various comments made by Parliament and the Council.

Firstly, the text now fully incorporates the EGNOS programme and identifies it, alongside Galileo, as one of the two pillars of European satellite radionavigation policy. Both systems and programmes are also clearly defined.

Secondly, the proposed text reflects the abandonment of the concession plan for the deployment phase of the Galileo programme and the fact that all aspects of this phase will be undertaken by the European Community. The budgetary resources needed to finance the two programmes between 1 January 2007 and 31 December 2013 are now EUR 3 405 million. EUR 1 005 million is already foreseen in the existing financial programming (2007-13) under the Commission's proposed legislation for the implementation of the deployment and commercial operating phases of the Galileo programme⁵. It is proposed to increase the above figure by an additional EUR 2 100 million the allocation of which will be subject to a review of the current financial framework (2007-13). The funds are provided from unused margins in headings 2 and 5 for 2007 and 2008. As a result, the text of the amended proposal shall stipulate that the Community budget for 2007-13 foresees EUR 3 105 million for the European GNSS programmes. A sum of EUR 300 million, which is available for the European GNSS programmes under the Seventh Research and Development Framework Programme⁶, will help cover these costs.

This amount also covers costs linked to the delays in the development phase of the Galileo programme, which will only be completed in 2010. Lastly, recent studies⁷ carried out by the Commission conclude that the Galileo system is likely to be deployed in mid-2013.

4 European Parliament Resolution of 20 June 2007 on the financing of the European programme of satellite radionavigation (Galileo) under the Interinstitutional Agreement of 17 May 2006 and the multiannual financial framework 2007-2013.

5 COM(2004) 477 final 2.

6 Title 6 of the Budget.

7 COM(2007) 534/2, 19.09.2007.

Thirdly, the text allows the commercial operation of the EGNOS system from 2009, with a one-year delay due to ongoing pre-qualification work.

Fourthly, the proposed text aims to improve the public governance of the programmes. Halting the concession contract negotiations left a legal vacuum regarding the role of the Supervisory Authority during the deployment and commercial operating phases of the Galileo programme, as the tasks assigned to the Authority under Regulation (EC) No 1321/2004⁸ mainly entailed selecting a concession holder. The Commission must therefore put forward a proposal amending Regulation (EC) No 1321/2004 once the European Union has adopted the necessary political decisions, in order to ensure a solid and coherent framework for the public governance of the programmes.

Nevertheless, several measures can already be taken. The proposed text strengthens public governance in two ways:

- by providing for a strict division of responsibilities between the European Community, represented by the Commission, the European GNSS Supervisory Authority and the European Space Agency, and by conferring the implementation of the programmes upon the Commission. The European GNSS Supervisory Authority will, in addition to its core role of facilitating the introduction of the services offered by the systems on commercial markets, assist the Commission in all matters linked to the implementation of the programmes. Technical aspects are the responsibility of the European Space Agency. Contracts concluded by the Agency must comply with relevant Community rules on public contracts;
- by providing for the setting up of the Committee on European GNSS Programmes, which will help the Commission implement this Regulation and ensure the uniform management of the programmes, faster decision-making and equal access to information.

The implementation of these programmes must be accompanied by the establishment of the appropriate components and resources. Amongst other things, the tasks which were to be undertaken by the concession holder must now be carried out by the Commission, with the help of independent experts, experts from the Member States and a specialised team.

4) Conclusions.

In the light of the changes in the course of the Galileo programme since the start of 2007, in particular the fact that the European Community will now assume direct responsibility for the deployment of the system and the resulting additional cost of EUR 2 100 million for the Community budget during the 2007-13 financial framework, it is necessary to amend the proposal for a Regulation which was adopted by the Commission on 14 July 2004⁹.

8 OJ L 246, 20.7.2004, p.1.

9 COM(2004) 477 final, 14.7.2004, as amended by COM(2004) 477 final 2, 24.5.2006.

**Amended proposal for
REGULATION (EC) No .../... OF THE EUROPEAN PARLIAMENT AND OF THE
COUNCIL**

**on the further implementation of the
European satellite radionavigation programmes (EGNOS and Galileo)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 156 thereof,

Having regard to the proposal from the Commission¹⁰,

Having regard to the opinion of the European Economic and Social Committee¹¹,

Having regard to the opinion of the Committee of the Regions¹²,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹³,

Whereas:

- (1) The aim of the European satellite radionavigation policy is to provide the European Community with two satellite navigation systems (GNSS). These systems are established under the EGNOS and Galileo programmes respectively. Each infrastructure is made up of satellites and earth stations.
- (2) The EGNOS and Galileo programmes comply fully with the requirements of the principle of subsidiarity. The establishment of satellite radionavigation infrastructures exceeds the financial and technical capacities of any single Member State, and action at Community level is the best way to carry out these programmes, which are a good example of the added value of the European Community when it clearly defines its objectives and resources.
- (3) The aim of the Galileo programme is to establish the first global satellite radionavigation and positioning infrastructure specifically designed for civilian purposes. The system established under the Galileo programme is completely independent of other existing or potential systems.
- (4) The aim of the EGNOS programme is to improve the quality of signals from the American GPS and the Russian GLONASS systems to ensure reliability over a vast geographical area.

10 OJ C [...], [...], p. [...].

11 OJ C [...], [...], p. [...].

12 OJ C [...], [...], p. [...].

13

- (5) The European Parliament, the Council and the European Economic and Social Committee have consistently given their full support to European GNSS programmes.
- (6) Satellite radionavigation is a technology which can improve the daily lives of European citizens in a large number of areas. The development of this technology is fully in line with the Lisbon Strategy and other Community policies, such as transport policy as set out in the Commission's White Paper¹⁴, particularly as regards freight management, charging for use of infrastructures and road safety.
- (7) European GNSS programmes are among the priority projects included in the Growth initiative proposed by the Commission and endorsed by the European Council. They are also considered as one of the major achievements of the future European space programme, as described in the Communication on the European Space Policy¹⁵.
- (8) The Galileo programme consists of a definition phase, a development phase, a deployment phase and a commercial operating phase. The deployment phase is set to begin in 2008 and end in 2013. The system should be operational in mid-2013.
- (9) The definition and development phases of the Galileo programme, which are the parts of the programme dedicated to research, were chiefly financed by the Community budget for trans-European networks. The deployment phase must be financed entirely by the European Community due to the lack of a real commitment from the private sector. Service concession contracts or public service contracts with the private sector may be awarded to operate the system.
- (10) It is important that the financing of the EGNOS system, including all the elements ensuring it operates, is sustainable and can be marketed, be assured by the European Community. The operation of EGNOS could be the subject of a public service contract with the private sector until it is integrated into the operation of Galileo.
- (11) Council Regulation (EC) No 2236/95 of 18 September 1995 laying down general rules for the granting of Community financial aid in the field of trans-European networks¹⁶ sets out rules for Community financial aid in the case of Community projects concerning satellite navigation and positioning systems.
- (12) Council Regulation (EC) No 1321/2004 of 12 July 2004 on the establishment of structures for the management of the European satellite radio-navigation programmes¹⁷ establishes the European GNSS Supervisory Authority (hereinafter "the Supervisory Authority").
- (13) In order to guarantee the continuation of the Galileo and EGNOS programmes an appropriate financial and legal framework must be established to allow the European Community to continue to fund these programmes. It is also necessary to indicate the amount of money required between 1 January 2007 and 31 December 2013 to fund the

14 COM(2001) 370 final, 12.9.2001.

15 COM(2007) 212 final, 26.4.2007.

16 OJ L 228, 23.9.1995, p.1, as last amended by Regulation (EC) No 807/2004 of the European Parliament and of the Council (OJ L 143, 30.4.2004, p. 46).

17 OJ L 246, 20.7.2004, p.1, as amended by Council Regulation (EC) No 1942/2006 of 12 December 2006 (OJ L 367, 22.12.2006, p.18).

end of the development phase and the deployment phase of Galileo and the start of operation of the Galileo and EGNOS systems.

- (14) Investment costs and the costs for operating the Galileo and EGNOS systems for the period 2007-13 are currently estimated at EUR 3.4 billion at current prices. EUR 1 005 million is already foreseen in the existing financial programming (2007-13) under the Commission's proposed legislation for the implementation of the deployment and commercial operating phases of the Galileo programme¹⁸. It is proposed to increase the above figure by an additional EUR 2 100 million the allocation of which will be subject to a review of the current financial framework (2007-13). The funds are provided from unused margins in headings 2 and 5 for 2007 and 2008. As a result, the text of the amended proposal shall stipulate that the Community budget for 2007-13 foresee EUR 3 105 million for the European GNSS programmes. A sum of EUR 300 million, which is available for the European GNSS programmes under the Seventh Research and Development Framework Programme¹⁹, will help cover these costs.
- (15) It should be pointed out that the investment costs and the costs of operating the Galileo and EGNOS systems currently estimated for 2007-13 do not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to non-contractual liability arising from the public ownership of the systems.
- (16) Furthermore, revenue from the operation of the Galileo and EGNOS systems must be collected by the European Community in order to ensure that its earlier investments are recovered. However, a revenue-sharing mechanism could be stipulated in any contracts concluded with the private sector for the operation of these systems.
- (17) Sound public governance of the Galileo and EGNOS systems assumes firstly that there is a strict division of responsibilities between the European Community, the Supervisory Authority and the European Space Agency and, secondly, that the European Community, represented by the Commission, ensures the implementation of the programmes. The Commission must establish the appropriate instruments and possess the necessary resources, in particular in terms of assistance.
- (18) The main role of the Supervisory Authority will be to assist the Commission in all matters which arise during the programmes. It must also manage the funds specifically allocated to it under the programmes or entrusted to it by the Commission in accordance with Article 54(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities²⁰, as amended by Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006²¹.
- (19) The European Space Agency, which is the expert in technical matters, will conclude a multi-annual agreement with the European Community covering the technical aspects of the programmes. In order for the Commission, as representative of the European Community, to exercise its power of audit fully, the agreement must include the

18 COM(2004) 477 final 2.

19 Title 6 of the Budget.

20 OJ L 248, 16.9.2002, p.1.

21 OJ L 390, 30.12.2006, p.1.

general conditions for managing the funds entrusted to the European Space Agency and provide that contracts concluded under the agreement must follow Community rules on public contracts. Accordingly, due account must be taken of progress made so far and investments which have already been agreed as well, where appropriate, as agreements in force.

- (20) The Commission should be assisted in implementing this Regulation by a committee named the "Committee on European GNSS Programmes". As sound public governance requires uniform management of the programmes, faster decision-making and equal access to information, representatives of the Administrative Board of the Supervisory Authority must be involved in the work of the Committee on European GNSS Programmes.
- (21) As European satellite radionavigation programmes have now reached an advanced stage of maturity and have gone well beyond the framework of simple research projects, it is necessary to put them on a specific legal basis which is better able to satisfy their needs and respond to the requirement for sound financial management.
- (22) This Regulation lays down, for the continuation of the programmes, a financial allocation constituting the prime reference, within the meaning of point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, for the budgetary authority during the annual budgetary procedure.
- (23) It is necessary to ensure that the European Parliament and the Council are kept regularly informed about the implementation of the Galileo and EGNOS programmes,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

SUBJECT MATTER AND GENERAL PRINCIPLES

Article 1

European GNSS systems and programmes

The EGNOS and Galileo programmes (hereinafter "the programmes") shall cover all the activities needed to define, develop, validate, construct, operate, renew and improve the two European satellite navigation systems (GNSS), namely the EGNOS system and the system established under the Galileo programme (hereinafter "the systems").

The EGNOS system is an infrastructure using signals emitted, initially, by the American GPS and the Russian GLONASS systems. It increases their reliability over a geographical area mainly covering Europe. It comprises several transponders installed on satellites and earth stations.

The system established under the Galileo programme is an autonomous GNSS infrastructure consisting of a constellation of satellites and earth stations.

Article 2

Subject

This Regulation lays down the detailed rules for the implementation of the programmes, including those on the financial contribution of the European Community.

Article 3

The phases of the Galileo programme

The Galileo programme consists of the following phases:

- a definition phase during which the structure of the system was designed and its components determined. This phase was financed entirely by Community funds under the Fifth Research and Development Framework Programme;
- a development and validation phase comprising the construction and launch of the first satellites, the establishment of the first ground-based infrastructures and all the work and operations making it possible to validate the system in orbit, funded by the Community and the European Space Agency;
- a deployment phase consisting of the establishment of all the space and ground-based infrastructures as well as related operations;

- a commercial operating phase comprising infrastructure management, the maintenance, constant improvement and renewal of the system, certification and standardisation operations relating to the programme, the marketing of the system and all other activities needed to develop the system and ensure the programme runs smoothly.

Article 4

Financing the Galileo programme

1. The development and validation phase shall be funded by the European Community and the European Space Agency and should end in 2010.
2. The deployment phase shall be financed entirely by the European Community and should run from 2008 to 2013.
3. The commercial operating phase is set to begin in 2013. During this phase the operation of the system shall, where appropriate, be ensured through service concession contracts or public service contracts with the private sector. These contracts may be concluded before 2013. The financial contribution of the European Community to the commercial operating phase will depend on the level of contributions from the private sector resulting from any contracts concluded, following prior approval by the budgetary authority.
4. Agreements or conventions concluded by the European Community shall lay down the conditions and detailed rules for any third-country involvement in providing additional funding to the programme.

Article 5

Operation of the EGNOS system

The operation of the EGNOS system consists mainly of infrastructure management, maintenance, constant improvement and renewal of the system, certification and standardisation operations relating to the programme and marketing the system.

Article 6

Financing the operation of the EGNOS system

1. The European Community shall finance the operation of EGNOS, without prejudice to any contribution from the private sector.
2. The operation of EGNOS shall initially, as a priority, be the subject of to a public service contract with the private sector. It shall then gradually become an integral part of the commercial operating phase of Galileo.

CHAPTER II

BUDGETARY CONTRIBUTION AND MECHANISMS

Article 7

Activities concerned

The Community contribution allocated to the programmes under this Regulation shall be granted to finance:

- (a) activities relating to the completion of the development and validation phase of the Galileo programme,
- (b) activities relating to the deployment phase of the Galileo programme, including actions to manage and monitor this phase and to facilitate the introduction of the system onto the market,
- (c) activities relating to the operation of the systems as well as actions preceding or in preparation for commercial operation.

Article 8

Budgetary resources

1. The amount needed to implement the activities specified in Article 7 of this Regulation, with the exception of those relating to the commercial operation of the system established under the Galileo programme, is EUR 3 105 million at current prices for the period from 1 January 2007 to 31 December 2013.
2. Appropriations shall be authorised annually by the budgetary authority within the limits laid down in the multiannual financial framework. They shall be implemented in accordance with the provisions of the Financial Regulation applicable to the general budget of the European Communities.
3. Budgetary commitments for the programmes shall be appropriated in annual instalments.
4. The sum specified in the first paragraph of this Article does not take account of unforeseen financial obligations which the European Community may be obliged to bear, in particular those relating to the public ownership of the systems. In this event the Commission shall present appropriate proposals to the European Parliament and to the Council.

Article 9

Operating income

Income from the operation of the systems shall be collected by the European Community and shall be paid into the Community budget and be allocated to the European GNSS programmes. If the income allocated proves to be significantly more than expected, the principle of allocation shall be reviewed.

A revenue-sharing mechanism may be provided for in any contract(s) concluded with the private sector.

CHAPTER III

PUBLIC GOVERNANCE OF THE PROGRAMMES

Article 10

General framework for governance of the programmes

Public governance of the programmes is based on the principle of a strict division of responsibilities between the European Community, represented by the Commission, the European GNSS Supervisory Authority (hereinafter "the Supervisory Authority") and the European Space Agency.

The European Community, represented by the Commission, shall ensure the implementation of the programmes, without prejudice to Regulation (EC) No 1321/2004. To this end the Commission shall establish the appropriate instruments and ensure it possesses the resources needed to accomplish this task. It may call on independent experts to assist it in monitoring the management of the programmes. It may also be assisted by experts from the Member States and carry out financial and technical audits.

Article 11

Programming and allocation of funds

1. The European Commission shall manage the funds allocated to the programmes under this Regulation.
2. The Commission shall establish a multi-annual work programme which meets the objectives laid down in Annex to this Regulation.
3. The Commission shall adopt the multi-annual work programme and any amendments thereto in accordance with the procedure referred to in Article 14(2) of this Regulation.
4. Amendments to Annex shall be adopted by the Commission. Those measures designed to amend non-essential elements of this Regulation shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 14(3).
5. The measures financed under this Regulation shall be implemented in accordance with Regulation (EC, Euratom) No 1605/2002.

Article 12

The role of the Supervisory Authority (GSA)

Without prejudice to the tasks conferred upon it under Regulation (EC) No 1321/2004, the Supervisory Authority shall support the Commission in all matters concerning the programmes, wherever its assistance is requested by the Commission. It shall manage and inspect the use of the funds specifically granted to it by the European Community under the programmes. These funds shall be made available to the Supervisory Authority through a delegation decision in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.

The Commission shall conclude a delegation agreement with the Supervisory Authority on the basis of the delegation decision provided for in the previous paragraph. The delegation agreement shall stipulate the general conditions for the management of the funds entrusted to the Supervisory Authority, in particular the actions to be implemented, the relevant financing, management procedures and monitoring and inspection measures.

Article 13

The role of the European Space Agency (ESA)

The European Community, represented by the Commission, shall conclude a multi-annual agreement with the European Space Agency on the basis of a delegation decision adopted by the Commission in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 which shall cover the technical issues which arise during the programmes, in particular in the implementation of activities relating to the deployment phase of the Galileo programme.

The agreement shall lay down the general conditions for the management of the funds entrusted to the European Space Agency, and in particular the actions to be implemented, the relevant financing, management procedures and monitoring and inspection measures, measures applicable in the event of inadequate performance of the contract and rules regarding the ownership of tangible and intangible property.

Contracts concluded under this agreement shall comply with Community rules on public contracts, without prejudice to measures required to protect the essential interests of the security of the European Community or public security. They shall comply with the structure and Community nature of the programmes.

Article 14

Comitology

1. The Commission shall be assisted by a committee known as the "Committee on European GNSS Programmes".
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.
3. Where reference is made to this paragraph, Articles 5a(1) to (4) and Article 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.
4. Representatives of the Administrative Board of the Supervisory Authority shall be involved in the work of the Committee on European GNSS Programmes. Representatives of the Programme Board on Satellite Navigation of the European Space Agency may also be involved in the work of the Committee on European GNSS Programmes under the conditions laid down in its rules of procedure.
5. Agreements or conventions concluded by the European Community may provide for the participation of third countries or international organisations in the work of the Committee on European GNSS Programmes under the conditions laid down in its rules of procedure.

CHAPTER IV

FINAL PROVISIONS

Article 15

Protection of the Community's financial interests

The Commission shall ensure that, when actions financed under this Regulation are implemented, the financial interests of the Community are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Council Regulations (EC, Euratom) No 2988/95²² and (Euratom, EC) No 2185/96²³ and with Regulation (EC) No 1073/1999 of the European Parliament and of the Council²⁴.

For the Community actions financed under this Regulation, the notion of irregularity referred to in Article 1(2) of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a

22 OJ L 312, 23.12.1995, p.1.

23 OJ L 292, 15.11.1996, p.2.

24 OJ L 136, 31.5.1999, p.1.

provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, by an unjustified item of expenditure.

Contracts, agreements and conventions resulting from this Regulation, including agreements or conventions concluded with participating third countries, shall provide for supervision and financial control by the Commission, or any representative authorised by it, and audits by the Court of Auditors, if necessary on-the-spot.

Article 16

Information to the European Parliament and to the Council

The Commission shall ensure the implementation of this Regulation. Each year, when it presents the preliminary draft budget, it shall present a report to the European Parliament and to the Council on the implementation of the programmes. A mid-term review shall be carried out in 2010 to inform the European Parliament and the Council of the progress made on the programmes.

Article 17

Entry into force

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Council
The President
[...]

Annex

Objectives of the European GNSS programmes

The European GNSS systems and programmes, and the general objectives and phases of these programmes, are set out in Articles 1, 3 and 5 of this Regulation.

The specific objectives of the Galileo programme are to ensure that the signals emitted by the system can be used to fulfil the following five functions:

- To offer an open service (OS), which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radionavigation applications.
- To offer a safety of life service (SoL) aimed at users for whom security is essential and which meets the requirements of the aeronautical, maritime and rail sectors. This service also fulfils the requirement for continuity and includes an integrity message alerting the user to any failure in the system.
- To offer a commercial service (CS) for the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service.
- To offer a public regulated service (PRS) restricted to government-authorised users, for sensitive applications which require a high level of service continuity. The public regulated service uses strong, encrypted signals.
- To participate in the search and rescue support service (SAR) of the COSPAS-SARSAT system by detecting emergency signals given off by beacons and relaying messages to them.

The specific objectives of the EGNOS programme are to ensure that the EGNOS system fulfils the following three functions:

- To offer an open service, which is free to the user and provides positioning and synchronisation information intended for high-volume satellite radionavigation applications in the area covered by the system.
- To offer a service for the dissemination of commercial data to assist the development of applications for professional or commercial use due to improved performance and data with greater added value than those obtained through the open service.
- To offer a safety of life service aimed at users for whom security is essential and which meets the requirements of the aeronautical, maritime and rail sectors. In particular, this service fulfils the requirement for continuity and includes an integrity message alerting the user to any failure in the system.

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Amended proposal for a Council Regulation on the further implementation of the European GNSS programmes (EGNOS and Galileo)

2. ABM/ABB (ACTIVITY-BASED MANAGEMENT/ACTIVITY-BASED BUDGETING) FRAMEWORK

Policy area(s) concerned and associated activity/activities):

TITLE 06 — ENERGY AND TRANSPORT

CHAPTER 06 02 — INLAND, AIR AND MARITIME TRANSPORT

CHAPTER 06 06 — RESEARCH RELATED TO ENERGY AND TRANSPORT

3. BUDGET LINES

3.1. Budget lines:

Heading 06 01 04 11 — Galileo Programme – Administrative expenditure (*new budget line to be created*)

Article 06 02 10 — Galileo Programme

Article 06 06 02 — Research related to transport (including aeronautics)

3.2. Duration of the action and of the financial impact:

2008-13

3.3. Budget characteristics

| Budget line | Type of expenditure | | New | EFTA participation | Participation applicant countries | Heading in financial perspective |
|-------------|---------------------|-----|-----|--------------------|-----------------------------------|---|
| 06 01 04 11 | NCE | NDA | YES | NO | NO | N° 1a – competitiveness for growth and cohesion |
| 06 02 10 | NCE | DA | NO | NO | NO | N°1a – competitiveness for growth and cohesion |

| | | | | | | |
|----------|-----|----|----|-----|-----|---|
| 06 06 02 | NCE | DA | NO | YES | YES | N°1a – competitiveness for growth and cohesion |
|----------|-----|----|----|-----|-----|---|

4. SUMMARY OF RESOURCES

4.1. Financial resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

The presentation of the financial resources complies with:

- (2) 1) the existing financial programming 2007-13: €1 005 million²⁵
- (3) 2) additional amounts 2008-13: €2 100 million
- (4) 3) the amount of €300 000 in the framework of the 7th RTD framework programme
- (5) 3) the total : 2007-13: €3 405 million

€million (to three decimal places)

| Type of expenditure | Section No | | Year 2007 | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 | Total |
|---|------------|----------|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Operational expenditure²⁶ | | | | | | | | | | |
| Commitment appropriations (CA) | | | | | | | | | | |
| Commission Proposal COM(2004)477/final2 | | (I) | 100,000 ²⁷ | 151,000 | 201,000 | 251,000 | 151,000 | 151,000 | 0,000 | 1 005,000 |
| Additional amounts for European GNSS programmes | | (II) | 0,000 | 734,000 | 544,000 | 684,000 | 66,000 | 42,000 | 3,000 | 2 073,000 |
| <i>Amounts financed under 7th RTD framework programme</i> | | | 0,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 300,000 |
| Revised proposal currently presented in commitment appropriations (CA) | 8.1. | a (I+II) | 100,000 | 885,000 | 745,000 | 935,000 | 217,000 | 193,000 | 3,000 | 3 078,000 |
| Payment appropriations (PA) | | | | | | | | | | |
| Payment appropriations for European GNSS programmes | | (I) | 0,000 | 279,500 | 469,500 | 667,500 | 775,500 | 556,500 | 329,500 | 3 078,000 |
| <i>Payment appropriations financed under 7th RTD framework programme</i> | | | 0,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 300,000 |
| Proposal currently presented in payment appropriations (PA) | | b (I) | 0,000 | 279,500 | 469,500 | 667,500 | 775,500 | 556,500 | 329,500 | 3 078,000 |

²⁵ COM 2004 477 final / COM 2004 477 final 2

²⁶ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

²⁷ €100 million is budgeted for 2007 under budget line 060210. However, the Commission will not be able to use it because the basic instrument will not be adopted during 2007. The Commission therefore intends to transfer this sum to the TEN-Ts in the form of commitment appropriations (with a forecast return to budget line 060210 in 2009), and make payment appropriations available via the omnibus transfer.

Administrative expenditure within reference amount

| | | | | | | | | | | |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|--------|
| Technical and administrative assistance – TAA (NDA) | 8.2.4. | c | 0,000 | 5,000 | 5,000 | 5,000 | 4,000 | 4,000 | 4,000 | 27,000 |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|--------|

TOTAL REFERENCE AMOUNT

| | | | | | | | | | | |
|---|--|---------------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Commitment appropriations (including funds under 7th RTD framework programme: €300 000) | | a+c+FP7 funds | 100,000 | 940,000 | 800,000 | 990,000 | 271,000 | 247,000 | 57,000 | 3 405,000 |
| Payment appropriations (including funds under 7th RTD framework programme: €300 000) | | b+c+FP7 funds | 0,000 | 334,500 | 524,500 | 722,500 | 829,500 | 610,500 | 383,500 | 3 405,000 |

Administrative expenditure not included in reference amount²⁸

| | | | | | | | | | | |
|---|--------|---|-------|-------|-------|-------|-------|-------|-------|--------|
| Human resources and associated expenditure (NDA) | 8.2.5. | d | 0,000 | 2,874 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 | 20,169 |
| Administrative costs, other than human resources and associated costs, not included in reference amount (NDA) | 8.2.6. | e | 0,000 | 0,700 | 0,700 | 0,700 | 0,700 | 0,700 | 0,700 | 4,200 |

Total indicative financial cost of intervention

| | | | | | | | | | | |
|--|--|-------------------|---------|---------|---------|---------|---------|---------|---------|-----------|
| TOTAL CA including cost of human resources | | a+c+d+e+FP7 funds | 100,000 | 943,574 | 804,159 | 994,159 | 275,159 | 251,159 | 61,159 | 3 429,369 |
| TOTAL PA including cost of human resources | | b+c+d+e+FP7 funds | 0,000 | 338,074 | 528,659 | 726,659 | 833,659 | 614,659 | 387,659 | 3 429,369 |

Co-financing details

NOT APPLICABLE

4.1.2. Compatibility with the financial programming

- Proposal compatible with the existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the multiannual financial framework.
- Proposal will require application of the provisions of the Interinstitutional Agreement²⁹. It calls for a budgetary commitment of €3 105 million during the period 2007-13, i.e. €2 100 million more than the amount originally foreseen in the proposal adopted by the Commission on 14 July 2004.

²⁸ Expenditure within Chapter xx 01 other than Articles xx 01 04 or xx 01 05.

²⁹ OJ C 139 of 14.6.2006, p. 1.

4.1.3. *Financial impact on revenue*

- Proposal has no financial impact on revenue
- Proposal has financial impact - the effect on revenue is as follows:
See Commission communication of September 2007, point 4.2.

4.2. **Human resources FTE (including officials, temporary and external staff) – see details under point 8.2.1.**

| Annual requirements | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Total number of human resources ³⁰ | 30 | 35 | 35 | 35 | 35 | 35 |

5. **CHARACTERISTICS AND OBJECTIVES**

5.1. **Need to be met in the short or long term**

As far back as July 1999 the Council considered that “the development of a satellite navigation system for civil use leads to increased independence in one of the most important key technologies” and that “the development of a satellite navigation system for civil use affords European industry the chance to enhance its competence and to participate in opportunities opened up by this future technology on a large scale”. Since then, the Council of Ministers and the European Council have repeatedly stressed the strategic importance of this programme and asked the Commission to take whatever action is required to implement it.

On 14 July 2004, the Commission adopted a proposal for a Regulation of the European Parliament and the Council on the implementation of the deployment and commercial operating phases of the European programme of satellite radionavigation³¹. This proposal had two main objectives. Firstly, as the Galileo programme had reached an advanced stage of maturity and went well beyond the framework of a simple research project, it was now necessary to place it on a specific legal basis, consistent with the future European space programme and better able to satisfy its needs and respond to the requirement for good financial management.

Secondly, the part of the Galileo programme which was funded from the Community budget had to be financed during the period of the financial framework for 2007-13. The proposal accordingly mentioned a financial contribution of €1 billion from the European Community for the period from 1 January 2007 to 31 December 2013. On 21 April 2005 the Council came to an agreement (a "partial general approach") on the Commission's proposal for a Regulation, apart from the budgetary aspect, final approval being dependent on the outcome of the discussion on the financial framework for 2007-13. The main change introduced by the Council concerns the inclusion of the EGNOS programme in the proposal for a Regulation.

³⁰ Of the 35 posts, 21 are new while the other 14 already existed.

³¹ COM(2004) 477 final.

Parliament has also examined the text at first reading and gave a generally very positive opinion of it on 5 September 2005. Like the Council it wished to see the EGNOS programme included in the proposal for a Regulation.

It should be pointed out that when the Commission adopted its proposal for a Regulation in July 2004 it was foreseen that the deployment and commercial operating phases of the Galileo programme would be the subject of a private-sector concession. In this context the financial participation of the European Community was to be limited to one-third of the cost of deployment of the system and to the payment of annual subsidies to the future concessionaire during the first years of operation.

In the light of the difficulties that arose in the negotiations on the concession contract, the Transport Council of 22 March 2007 and the European Parliament asked the Commission, inter alia, to propose possible ways of guaranteeing the public financial commitments in the long term.

The Commission responded to the requests made by Parliament and the Council in its Communication of 16 May 2007. It asked them first of all to take note of the failure of the negotiations on the concession contract. To ensure a satisfactory continuation of the programme the Commission then made a few main proposals, in particular that the European Community should itself see to the deployment of the full Galileo constellation, whereupon the system could subsequently be operated by a public-private partnership.

The Commission pointed out that the new scenario proposed was the only one which could make possible the full implementation of Galileo by the end of 2012. It required a budget commitment of the order of €3.4 billion during the period 2007-2013, i.e. €2.4 billion more than the amount initially foreseen in the proposal adopted by the Commission on 14 July 2004. This substantial increase in the contribution from the Community budget was chiefly due to the European Community's taking responsibility for the deployment of the entire system itself.

Following the Commission's communication, in June 2007 the Transport Council adopted a resolution in which it:

- concluded that the current concession negotiations had failed and should be ended;
- invited the Commission to continue with the implementation of a certifiable EGNOS, with the initial service availability by 2008;
- reaffirmed the value of Galileo as a key project of the European Union and supported the deployment of the Galileo system by the end of 2012;
- recognised that the implementation of a deployment of Galileo and EGNOS by the public sector would need additional public funding;
- requested the Commission to submit to it before September 2007 detailed proposals for the financing, for a procurement strategy by the public sector which would have to reflect progress made so far and the need for competitive tendering, for the involvement of the private sector during the operation and exploitation phase, and finally for a sound public sector management structure of the programme on the basis of a clear division of

responsibilities between the Commission, the European Space Agency, the GNSS Supervisory Authority (GSA), the Member States and the Council.

Parliament likewise endorsed the proposals made by the Commission in its communication of 16 May 2007, in particular as regards Community funding of the programmes.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

The EGNOS and Galileo programmes are fully in line with the subsidiarity principle. Setting up satellite radionavigation infrastructures is quite beyond the financial and technical capacity of any Member State acting on its own, and these programmes, which are a good example of Community added value when its objectives and resources are clearly defined, are best conducted at Community level.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

EU satellite radionavigation policy aims to give the European Community two satellite radionavigation systems (GNSS): EGNOS and Galileo. Each of these two infrastructures consists of satellites and earth stations.

The proposals put forward by the Commission for amending its initial proposal for a Regulation take account both of the abandonment of the concession scheme for the deployment phase and of the various comments made by the European Parliament and the Council.

In the first place, the text now fully includes the EGNOS programme. It identifies this programme as one of the two pillars (with Galileo) of European satellite radionavigation policy, and clearly defines the two systems and programmes.

Secondly, the text makes possible full operation of the EGNOS system from 2009. It is important that financing of the exploitation of EGNOS, which includes all the elements necessary for its operation, its sustainability and its commercialisation, should be in the hands of the European Community from 2009 onwards. The exploitation of EGNOS could be the subject of a public service contract with the private sector up to 2013 and thereafter be integrated into the exploitation of Galileo.

Thirdly, the text proposed takes account of the abandonment of the concession scheme for the deployment of the Galileo programme and of the fact that responsibility for this phase has been fully assumed by the European Community for lack of any real commitment on the part of the private sector. It may be possible for the exploitation of the system to become the subject of service concessions contracts or of public service contracts with the private sector.

Fourthly, the text proposes to improve the public governance of the programmes in two ways:

- by providing for a strict division of responsibilities between the European Community (represented by the Commission), the European GNSS Supervisory Authority and the European Space Agency, and granting the Commission a leading role and the responsibility for the implementation of the programmes;
- by creating a Committee on European GNSS Programmes.

The following are the operational objectives and the action foreseen:

Operational objective 1: The further implementation of the Galileo programme.

Action 1: Long lead items

This action consists in ensuring early procurement of the long lead items (satellite items which need to be procured in advance of the satellite production due to their limited availability in the market) compatible with the satellite production line(s), stemming from the full deployment contract negotiations. This action is time-critical for the overall planning of Galileo.

Action 2: Full satellites

The objective is to ensure that the results of the full deployment contract negotiation and the contract implementation are in line with the Commission's objectives for the Galileo programme. Full respect of Council decisions in the procurement policy as well as compatibility with international commitments will have to be thoroughly checked.

Action 3: Launchers

The objective is to ensure that the launch plan proposed by ESA is in line with the overall Commission policy, as well as the programme risk management policy and risks mitigation plans. Potential international cooperation may be put into perspective with this launch plan.

Action 4: Spare launcher and two satellite ground spares

See previous with specific focus on risk mitigation included in the contingencies.

Action 5: Ground segment

The objective is to ensure that the results of the full deployment contract negotiation and the contract implementation is in line with the Commission's objectives for the Galileo programme. Full respect of Council decisions in the procurement policy as well as compatibility with international commitments will have to be thoroughly checked.

Action 6: Operations

The objective is to ensure that the results of the full deployment contract negotiation and the contract implementation are in line with the Commission's objectives and actions for the Galileo operations. Full respect of Council decisions in the future exploitation phase of Galileo will have to be thoroughly checked.

Action 7: System engineering

The objective is to ensure that the results of the full deployment contract negotiation and the contract implementation are in line with the Commission's objectives for the Galileo programme. Full respect of Council decisions as well as compatibility with international commitments will have to be thoroughly checked.

Operational objective 2: EGNOS (single action).

The objective is to ensure that the actions performed by ESA and GSA concerning the upgrade of EGNOS, early operations and economic operator selection of EGNOS are in line with the Commission's objectives. Full respect of Council decisions as well as compatibility with international commitments will have to be thoroughly checked.

5.4 Implementation arrangements

- The Commission draws up a multiannual work programme. The multiannual work programme and its revisions are adopted by the Commission in accordance with the procedure referred to in Article 14 of this Regulation.
- The European GNSS Supervisory Authority is accorded a general rule of assistance to the Commission. It also manages and monitors utilisation of the funds specifically allocated to it for the programmes by the European Community. These funds are placed at the disposal of the Supervisory Authority by a delegation agreement in accordance with Article 54(2) of Regulation (EC, Euratom) No 1605/2002 and the provisions of Regulation (EC) No 1321/2004.
- The European Space Agency, which has the technical know-how, will for its part be concluding a multiannual agreement with the European Community on the technical aspects of the implementation of the programmes and in particular the activities associated with the Galileo programme's deployment phase. In order to enable the Commission, representing the European Community, to exercise its control responsibilities fully, the agreement must include in particular the general conditions governing management of the funds entrusted to the European Space Agency and provide that contracts concluded under the agreement comply with the Community rules on public contracts.
- The Commission, on behalf of the EU as the owner of the system, has the responsibility, in particular, to ensure that the EU's political and international commitments and vision are implemented, determine and agree on the overall specifications and requirements for the system; and be able to monitor and control the strict adherence to such requirements throughout the construction, deployment, and exploitation phases. In this context,
 1. the Commission will be advised by senior professionals coming from disciplines such as project management, space engineering, finance and technology marketing and acting as independent reviewers of the programme;
 2. the Commission intends to put in place an appropriately structured and staffed Galileo team that provides the overall management, risk monitoring and management, reporting, and arbitration of all the programme elements. The GSA and project management consultants, the latter put in place by means of (a) service contract(s), provide support to this effort, notably as concerns risk management monitoring and control, documentation control, participation in programme progress meetings, monitoring and reporting on progress, assist in the arbitration of technical, cost, and schedule trade-offs;
 3. Finally, the Commission may be supported by other experts and specialists. These experts have the task of advising the Programme Manager but shall not have executive powers. It provides a good opportunity to make full use of the expertise available at national level.

- Centralised management**
 - directly by the Commission (see 5.3)
 - indirectly by delegation to:
 - executive agencies,
 - bodies set up by the Communities as referred to in Art. 185 of the Financial Regulation (GSA),
 - international organisations (European Space Agency).

6. MONITORING AND EVALUATION

6.1. Monitoring system

The Commission draww up a multiannual work programme which sets out the actions funded, the Community contribution, the expected results and performance indicators. The multiannual work programme and its revisions are adopted by the Commission in accordance with the procedure referred to in Article 14 of this Regulation.

6.2. Evaluation

6.2.1. Ex-ante evaluation

Since 1999 the Commission has been producing a series of studies and Communications relating to the different aspects of the EGNOS and Galileo programmes (definition, costs/benefits, governance, PPPs, etc). All of these documents are available.

6.2.2. Terms and frequency of future evaluation

The Commission sees to the implementation of the programmes. To this end, every year at the time of presentation of the preliminary draft budget it will present a report on their implementation to the European Parliament and the Council.

In addition, a mid-term review will be made in 2010 to inform the European Parliament and the Council of the state of play with the EGNOS and Galileo programmes.

7. ANTI-FRAUD MEASURES

Under Article 15 of this Regulation, the agreements, financing agreements and any contract or implementing instrument resulting from them, expressly provide that the Court of Auditors and the European Anti-Fraud Office (OLAF) may if necessary carry out on-the-spot inspections.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

These amounts have to be expressed in terms of current prices, excluding technical and administrative assistance costs, and covering years 2007 to 2013 for a total of €3 378 million, €300 000 of which is financed under the 7th RTD framework programme (Article 06 06 02 — Research related to transport (including aeronautics))

Commitment appropriations in €million (to three decimal places)

| (Headings of objectives, actions and outputs should be provided) | Year 2008 | | Year 2009 | | Year 2010 | | Year 2011 | | Year 2012 | | Year 2013 | | TOTAL | |
|--|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|---------|------------|
| | Outputs | Total cost | Outputs | Total cost |
| OPERATIONAL OBJECTIVE 1: "Further implementation of Galileo programme" | | | | | | | | | | | | | | |
| Action 1 | | | | | | | | | | | | | | |
| LLI | 1 | 97,5 | 1 | 43,2 | | 0 | | 0 | | 0 | | 0 | | 140,7 |
| Action 2 | | | | | | | | | | | | | | |
| FULL SAT | 1 | 233,3 | 1 | 291,6 | 1 | 233 | | | | | | | | 757,9 |
| Action 3 | | | | | | | | | | | | | | |
| LAUNCHERS | 1 | 162 | 1 | 270 | 1 | 270 | | | | | | 0 | | 702 |
| Action 4 | | | | | | | | | | | | | | |
| GROUND SEG. | 1 | 79,8 | 1 | 159,6 | 1 | 159,6 | | | | | | | | 399 |
| Action 5 | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|-----------------|--|------|---|------|---|------|---|------|---|------|---|------|--|--------------|
| OPERATIONS | | 0 | 1 | 55 | 1 | 110 | 1 | 110 | | | | | | 275 |
| Action 6 | | | | | | | | | | | | | | |
| SYSTEM/PROC | | 75,6 | | 75,6 | 1 | 48,6 | 1 | 48,6 | 1 | 48,6 | 1 | 48,6 | | 345,6 |

Action 7

Contingency

142,2 108,4 172,8 4,4 **427,8**

| | | | | | | | | | | | | | | |
|--------------------------------|---|------------|--|-------------------------|---|------------|--|------------|---|------------|--|-----------|--|-------------|
| OPERATIONAL OBJECTIVE 2: EGNOS | | | | | | | | | | | | | | |
| OPERATIONS | 1 | 286,8 | | 0 | 1 | 21,6 | | 0 | 1 | 21,6 | | 0 | | 330 |
| TOTAL COST | | 935 | | 895³² | | 985 | | 267 | | 243 | | 53 | | 3378 |

³² The amount of **€895 million** shown in this table includes the sum of **€100 million** in commitment appropriations intended for transfer **in 2009** from budget line 06 03 03 – "Financial support for projects of common interest in the trans-European transport network" to budget line 06 02 10 – "Galileo Programme", this being pursuant to the transfer request which will be proposed by the Commission in 2007 (see also the footnote to the grey field in the table under point "4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)").

8.2. Administrative expenditure

8.2.1. Number and type of human resources

The Galileo team at the Commission - DG TREN – has to have at least 35 members. At present it has 13 (+1 vacant post), made up as follows: 8 seconded statutory officials, 3 statutory AST, 1 contract agent and 2 SNE. It therefore has to be allocated 21 additional posts made up as follows : 12 seconded statutory officials, 3 statutory AST and 6 SNE.

The table below shows the total of 35 persons/posts.

| Types of post | | Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTE) | | | | | |
|---|------------|--|-----------|-----------|-----------|-----------|-----------|
| | | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
| Officials or temporary staff ³³ (XX 01 01) | A*/AD | 15 | 20 | 20 | 20 | 20 | 20 |
| | B*, C*/AST | 6 | 6 | 6 | 6 | 6 | 6 |
| Staff financed ³⁴ by Art. XX 01 02 | | 9 ³⁵ | 9 | 9 | 9 | 9 | 9 |
| TOTAL | | 30 | 35 | 35 | 35 | 35 | 35 |

8.2.2. Description of tasks deriving from the action

The programme scope comprises around €10 billion for procurement, operations, exploitation and R&D contracts. The proposed "Galileo Team", headed at Director level, will provide the overall management, risk monitoring as well as reporting and arbitrage of the programmes. In particular, it will execute the following tasks:

1. Institutional tasks
 - 1.1. Reporting to Council and EP
 - 1.2. Liaison with CoA
2. Operational tasks
 - 2.1. Programme management reporting to new European GNSS Council
 - 2.2. Oversight role in GSA Board
 - 2.3. Overall programme and risk management, with assistance of an external advisory council

³³ Cost of which is NOT covered by the reference amount.

³⁴ Cost of which is NOT covered by the reference amount.

³⁵ 8 SNE and 1 contract agent.

- 2.4. Oversight ESA procurement, management technical baseline and security requirements
- 2.5. Oversight EGNOS/Galileo operations/exploitation contracts (either directly or GSA oversight)
- 2.6. Oversight GSA activities performed on behalf of COM (R&D, others)
- 3. International negotiations (agreements and frequency/security matters)
- 4. Legal and financial issues
- 8.2.3. *Sources of human resources (statutory)*

Needs in terms of human resources shall be covered by the budget allocated to the managing DG in the framework of the annual budgetary allocation procedure.

- Posts currently allocated to the management of the programme to be replaced or extended

Statutory staff / officials: 8 AD + 3 AST

plus:

Contract agents: 1 of GF II

Seconded national experts (SNE): 2

- Posts pre-allocated within the APS/PDB exercise for year 2008*

2 FTE – operation

14 FTE – research

- Posts to be requested in the next APS/PDB procedure (2009)*

5 FTE

Posts to be redeployed using existing resources within the managing service (internal redeployment)

- Posts required for 2008-13 though not foreseen in the APS/PDB exercise of the year in question*

8.2.4. *Other administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

€million (to three decimal places)

| Budget line (No and heading) | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 1. Technical and administrative assistance (including related staff costs) | | | | | | | |
| Executive agencies | | | | | | | |
| Other technical and administrative assistance | | | | | | | |
| - <i>intra muros</i> ³⁶ | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 21,000 |
| - <i>extra muros</i> ³⁷ | 1,500 | 1,500 | 1,500 | 1,000 | 1,000 | 1,000 | 6,000 |
| Total technical and administrative assistance | 5,000 | 5,000 | 5,000 | 4,000 | 4,000 | 4,000 | 27,000 |

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

€million (to three decimal places)

| Type of human resources | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Officials or temporary staff (XX 01 01) | 2,457 | 3,042 | 3,042 | 3,042 | 3,042 | 3,042 |
| Staff financed by Art. XX 01 02 (auxiliary, SNE, contract staff, etc.) | 0,417 | 0,417 | 0,417 | 0,417 | 0,417 | 0,417 |
| Total cost of human resources and associated costs (NOT included in the reference amount) | 2,874 | 3,459 | 3,459 | 3,459 | 3,459 | 3,459 |

³⁶ Consultants via a contract, following a call for tenders (10 persons @ €1 450/person/day for 20 working days/month for 12 months + €20 000 for annual travel expenses.

Supplementary qualified staff is required for: Galileo programme management / Financial/risk management / GNSS policy/international/reporting / ESA Procurement oversight / Ops/exploitation contracts oversight

³⁷ See 5.4a

Calculation – Officials or temporary staff / Staff financed by Article XX 01 02

a) Officials or temporary staff

The Commission's average annual staff cost, for both officials and temporary staff, amounts to €17 000/year (in 2008) including indirect costs (overheads) (21 statutory staff x €17 000 = €357 000 for 2008 and 26 statutory staff x €17 000 = €442 000 for the following years).

b) Staff financed by Article XX 01 02

The average annual cost of one SNE is €48 000/year (8 SNE x €48 000 = €384 000)

The average annual cost of one contract agent of FG II is €33 000/year.

The total annual cost of staff financed under Article XX 01 02 is therefore **€417 000**.

8.2.6. Other administrative expenditure not included in reference amount

€million (to three decimal places)

| | Year 2008 | Year 2009 | Year 2010 | Year 2011 | Year 2012 | Year 2013 | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|--------------|-------|
| XX 01 02 11 01 – Missions | 0,400 | 0,400 | 0,400 | 0,400 | 0,400 | 0,400 | 2,400 |
| XX 01 02 11 02 – Meetings and conferences | 0,050 | 0,050 | 0,050 | 0,050 | 0,050 | 0,050 | 0,300 |
| XX 01 02 11 03 - Committees ³⁸ | 0,250 | 0,250 | 0,250 | 0,250 | 0,250 | 0,250 | 1,500 |
| XX 01 02 11 05 - Information systems | - | - | - | - | - | - | - |
| 2. Total other management expenditure (XX 01 02 11) | - | - | - | - | - | - | - |
| 3. Other expenditure of an administrative nature (specify including reference to budget line) | - | - | - | - | - | - | - |
| Total administrative expenditure, other than human resources and associated costs (NOT included in reference amount) | 0,700 | 0,700 | 0,700 | 0,700 | 0,700 | 0,700 | 4,200 |

³⁸ " Committee for the European GNSS Programmes"