



EUROPEAN COMMISSION  
IMPACT ASSESSMENT BOARD

Brussels, 17 FEB. 2009  
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## Opinion

**Title**                    **Impact Assessment on: Decision of the European Parliament and the Council on the financing of operational GMES / Kopernikus activities (2011 – 2013)**

**(draft version of 21 January 2009)**

**Lead DG**                **DG ENTR**

### **1) Impact Assessment Board Opinion**

#### **(A) Context**

In 2007 Council asked the Commission to propose arrangements for financing, operational infrastructures and effective management with a view to achieving an operational and autonomous capability for GMES. The Commission Communication "GMES: we care for a safer planet" from November 2008 (COM(2008)748) announced that "on the basis of precise costs estimates, the Commission will make a legislative proposal for defining the EU contribution for the operational phase of Kopernikus for 2011-2013." This financing proposal is aimed to bridge on the one hand the funding based on FP6 and the preparatory action in the field of emergency services (expiring in 2010 the latest) and the funding based on FP7 and the announced GMES/Kopernikus programme 2014 – 2020.

In the aftermath of this Communication and the Lille GMES Forum organised by the French presidency (September 2008), there has been an intensive consultation of stakeholders on the priorities in the transition to operational service provision and the development of downstream services. From this consultation it has emerged that emergency response and land monitoring services are in need of Community support.

#### **(B) Positive aspects**

The report draws on a substantive body of reports and provides detailed information on the value of emergency and land monitoring services.

#### **(C) Main recommendations for improvements**

*The recommendations below are listed in order of descending importance. Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report, subject to the discussions that took place in the meeting with the Board*

**General recommendation: The IA needs to be improved on a number of key issues. The proposed spending needs a better justification, in line with the requirements of an ex ante evaluation under the Financial Regulation. Furthermore, the selection of the eligible GMES services has to be better explained, as well as the rationale for additional government financial support. The problem definition, objectives and options need to express more clearly the temporary nature of this bridging proposal. The nature of the benefits needs to be better described and the assessment of the governance issues needs to be improved.**

**During its meeting with the Board, DG ENTR accepted these recommendations and agreed to make improvements along these lines, including submitting the revised report to the responsible Commission services in order to ensure that it meets the requirements of an ex ante evaluation given the significant budgetary implications.**

**(1) The justification for the proposed Community budget spending needs to be improved and brought in line with the requirements of an ex ante evaluation.** First, the proposed spending needs to be put more clearly into the context of the overall financial arrangements and planning for GMES, including also non-EU institutions such as ESA, and, as far as possible, Member States' contributions. Second, the IA needs to give an adequate summary of the information contained in the Financial Statement so as to better explain which spending is covered by this Decision; on what the money will be spent; which activities and beneficiaries will be targeted under which conditions; and how much resources are envisaged for the coordination activities of the Commission. Subsequently, the cost-effectiveness and proportionality of the various proposed spending items as well as of the whole amount need to be explicitly assessed. The link between the various spending items and the benefits needs to be made more concrete to demonstrate that EU financing would effectively bring about the foreseen services.

**(2) The rationale for additional government financial support needs to be better explained.** First, the reasons why this support is needed in addition to the ongoing GMES research subsidies need to be better explained, relating it clearly to the specific nature and legal context of the supported services, and justifying why user charges were not considered as a finance source. Second, the assessment that has led to the selection of emergency and land monitoring services over other operational GMES services needs to be reported in sufficient detail, in particular as regards how these services score better on the criteria used for their selection than other combinations of GMES services, and the views of the various stakeholders on this prioritisation. Third, the baseline description should include the development over time of all GMES services without the envisaged support, clarifying also what has been assumed for the support under the next Financial Perspectives.

**(3) The temporary nature of this bridging proposal analysis needs to come out more clearly in the assessment.** The problem section should place the subject matter of the Decision more clearly into the context of the overall GMES project and its envisaged development over time. Subsequently, the objectives and the assessment should be better tuned to the actions within the period at hand. The nature of the benefits foregone without support should be clarified, namely the extent to which they constitute permanent losses or merely postponed benefits.

**(4) The nature of the benefits needs to be better described,** specifically as regards the following aspects: (i) the extent to which the supported services add or substitute for those drawing on the US satellite capacity; (ii) the extent to which they are part of or additional to the benefits related to the services reported in the assessment of other Community actions and policies; (iii) whether the supported services contribute to risk prevention or to crisis management; (iv) how private downstream users profit from the support while they are not the

main category of support recipients; and (v) how the benefits are linked to the various options. Moreover the uncertainty of the benefits in the various options needs to be reported in a similar manner for all options, including the clarification of factors which were used in the sensitivity analysis.

**(5) The assessment of the governance issues related to the budget outlays needs to be further elaborated.** The various options should be assessed in equal terms on the governance aspects. The IA report should draw on the experiences with the current governance structure. The specific potential problems with partial funding by the Community should be assessed in more detail, in particular how governance can stem the risk of overcompensation and of crowding out of other funding sources. Finally the IA report should be more explicit on the conclusions drawn with respect to the regulatory intervention option and its possible combination with the community financing option.

#### **(D) Procedure and presentation**

An executive summary should be added as a separate staff working paper. The IA report should clearly indicate on its cover page, following consultation and agreement from the relevant Commission services, that it also serves as an ex-ante evaluation in line with Article 21(1) of the implementing rules of the Financial Regulation.

## **2) IAB scrutiny process**

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External expertise used	No
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