



EUROPEAN COMMISSION
Impact Assessment Board

Brussels,
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Opinion

Title

Impact Assessment on an EU initiative on a proposal for a Regulation of the European Parliament and of the Council on further implementation of the European satellite navigation programmes (2014 – 2020); DG ENTR

(draft version of 27/07/2011)

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending on 29 June 2011, fixing the overall budget, allocations across high-level headings and key implementation choices. A series of follow-up proposals to provide a legal basis for sectoral spending programmes and to establish their specific budgetary arrangements are currently being finalised. This impact Assessment report will accompany one such proposal that relates to the proposal for a Regulation of the European Parliament and of the Council on further implementation of the European satellite navigation programmes managed by DG ENTR. It analyses the need to create an independent European satellite navigation system that would guarantee uninterrupted services and a strategic advantage for Europe. The IAB has focused on the policy choices not yet fixed by the June MFF Communication.

(B) Overall assessment

The report requires further work in several respects. Firstly, it should better demonstrate the nature of the problem by better explaining the link between the general political objective of establishing a GNSS and the specific objective of it reaching its operational capability. Secondly, the problem definition should better integrate the evaluation findings by making more effective use of evaluation results with a particular focus on shortcomings and cost overruns in the past and should explain the measures that will be taken in the future to avoid repetition of such failures. Thirdly, the report should deepen the analysis of the value-added of a European GNSS by analysing possibilities for using existing technologies or parts thereof. Fourthly, the report should provide greater clarity on the scope and content of options, for instance by considering stronger cost saving mechanisms. Finally, it should better assess the impacts of options by providing detail on the underlying assumptions and the methodologies used.

In its written communication with the Board DG ENTR accepted to revise the report in line with the recommendations of this opinion.

(C) Main recommendations for improvements

(1) Strengthen the link between objectives and relate them more closely to the problem drivers. The report should better explain the link between the general political objectives of establishing a GNSS and the more specific objectives of it reaching its operational capability. The links between the objectives and the problem drivers should be presented more clearly.

(2) Make better use of evaluation findings. The report should apply a more thorough use of evaluation results which would allow the reader to better understand the rationale for overcoming existing shortcomings. Particularly, it should explain in more detail the reasons for failures and cost overruns so far and link these closer to the problems that require action. As far as possible, it should provide information on how the contracts already in place provide for more price stability and explain to what extent recent incidences with Soyuz launchers could increase risks in the future. In this context the report should analyse to what extent similar risks exist in the future and what kinds of mitigation measures are envisaged.

(3) Better demonstrate EU added value. The report should further analyse the value-added of developing the European GNSS given the existence of alternative navigation programmes. It should discuss the possibilities of using the existing technology or parts of it, especially for civilian and commercial purposes and explain the figures in the report, notably how to interpret that use of GPS comes at a cost of 6-7% of EU GDP. It should clarify how the wide exploitation of the GNSS system will be secured, taking into account the reported full satisfaction with GPS as of today. In this context it should clarify the role of Safety-of-Life services (for which GPS will remain the main system in the preferred option).

(4) Better explain the scope and content of options. The report should clarify whether options could be envisaged that would lead to cost savings or more competitive public procurement. The report should also streamline the explanation of the content of the options, particularly for problem 2 (governance scheme for the exploitation of Galileo and EGNOS) as they are too fragmented currently. It should in addition discuss the scope for benefit generation and privatisation in the future and explain why this has not been considered in the options. The report should also explain further why the dual option (joint responsibility for infrastructure development and system operations) was discarded, against evidence from many other sectors where it is regularly advocated as the preferred option.

(5) Improve the assessment of impacts. The report should provide more details on the assumptions and methodologies used, notably regarding the monetisation of indirect economic, social and environmental impacts and regarding projections of future revenue flows. It should also explain why employment is considered as non-measurable in the underlying model and include a more developed assessment of social and environmental benefits. It should pay more attention to the robustness of the assessment of the benefits, preferably in the form of a sensitivity analysis.

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.

(D) Procedure and presentation

The executive summary should be aligned with the above comments. Some linguistic editing and streamlining should be undertaken. The report should more systematically make reference to calculation sources and underlying studies and provide links to publicly available versions of these studies (notably the Exploitation Study conducted by Roland Berger).

(E) IAB scrutiny process

Reference number	2011/ENTR/003
External expertise used	No
Date of IAB meeting	31/08/2011 (Written procedure)