

# EUROPEAN COMMISSION IMPACT ASSESSMENT BOARD

Brussels, D(2011)

## **Opinion**

Title

DG ENTR - Impact Assessment on the future of the European Earth monitoring programme (GMES)

(draft version of 7 September 2011)

#### (A) Context

Following the 2008 Communication "GMES: We care for a safer planet", the Commission adopted on 20 May 2009 a proposal for a Regulation seeking to establish the legal basis for the GMES programme and EC funding of GMES initial operations for the period 2011-2013. On the request of the Space Council, the Commission adopted, on 28 November 2010, a Communication focusing on the space component of GMES: "The Challenges and Next steps for the Space Component". All three initiatives were accompanied by impact assessment reports.

On 29 June 2011, the Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) for EU spending, fixing the overall budget allocations across high-level headings and identifying key implementation choices. In this proposal, the Commission has put the GMES outside the scope of the EU budget, while identifying budgetary needs of a fully fledged GMES Programme (834 mil EUR per year). The aim of the current impact assessment report is therefore to revisit the scope and the corresponding costs of GMES vis-à-vis its estimated benefits, and to review the options for future governance and funding of the programme.

#### (B) Overall assessment

The report needs to be significantly improved in several important aspects. It should identify the relationship to previous impact assessment reports and to the GMES Regulation currently in force. It should also describe the extent to which the political and economic circumstances have changed and clearly demonstrate what has been achieved so far. The rationale and content of policy options should be clarified and additional policy options on timing, funding and governance considered. The EU value added needs to be better demonstrated. The report should include a detailed analysis of governance and funding options and should present a more detailed analysis of expected costs for Member States. The reasons for replicating the cost-benefit analysis as well as the underlying methodology and the assumptions should be explained upfront. Finally the report needs to ensure

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that the different stakeholder views are presented throughout the report and that for the follow-up decision making needs robust evaluation results are available.

Given the nature of these recommendations, the Board asks DG ENTR to submit a revised version of the report, on which it will issue a new opinion.

### (C) Main recommendations for improvements

- (1) Better explain the policy context and the relation to the previous impact assessments. The report should provide an overview of the analytical work carried out so far, and on this basis, identify remaining analytical gaps. The report should also describe the changed political and economic circumstances and should indicate to what extent they might have rendered the conclusions of the previous analytical work invalid. The report should briefly describe the GMES Regulation and its implementation so far, in terms of its deliverables, as well as governance and funding. This should include (i) the current state of play and use of GMES services by public authorities (examples should be given in the main text); (ii) the need to change the current governance set up, particularly in view of separating the supervisory and management tasks; (iii) the investments incurred so far by the EU and the Member States, and (iv) the potential for revenues generation in the future.
- (2) Better explain policy options and consider additional ones. The report should better explain the rationale and content of policy options, which are currently based on the assumption that the full set of six services would be provided. In this respect, the report should clarify how the proposed scope of the programme corresponds to user needs, and how the modular development of the GMES services has been applied. In addition, the report should consider policy options which would either scale down the programme (e.g. deliver a full operability of a smaller number of services on a continuous basis) or slow down its roll out (e.g. postpone launch of the satellites). The report should include fully developed options on governance and funding. On governance, the report should differentiate between options where the EU retains a political control and those where it is partly or fully transferred to other actors. On funding, the report should better explain that the estimated funding needs attributable to GMES come as an addition to the costs already being incurred by Member States, as part of their ongoing activities in this field. Options based on public funding only should be differentiated from those including industry participation. Ownership consequences should be briefly mentioned when describing the funding options.
- (3) Present a more detailed analysis of the impact of options and costs at Member States level. The report should assess the options on governance and funding in more depth, and in a more balanced manner. In this regard, the report should assess to what extent the governance options differ in their capacity to ensure a careful management of risks and to enable the delivery of GMES benefits. The report should also assess to what extent the externalisation of management could lead to a duplication of existing capacities under the GMES Bureau and if the extra costs would justify the efficiency gains. Concerning funding, the report should attempt to indicate the share of the GMES costs in relation to the overall costs of Member States in the related areas, to enable accurate judgement. The link between the funding and governance options should be better demonstrated. Finally the report needs to better demonstrate the added value of an EU-based instrument, for instance by better describing the impacts of discontinuing the

programme.

(4) Explain the reasons for replicating the cost-benefit calculations and present its methodology/assumptions upfront. The report should briefly describe the methodology and assumptions of the cost-benefit analysis in the main text. The report should refer to the results of the cost-benefit analysis from the previous impact assessment report (accompanying the Commission's Communication on the space component), explain why there was a need to redo the calculations, and compare the parameters that have changed (i.e. methodology and/or assumptions). Given the fact that services under options A and B have a time span of 4-7 and 10 years respectively, the report should explain exactly how the costs and benefits are generated in the period between 2018/2024 and 2030.

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

Feedback from stakeholders and their different views should be embedded throughout the text. As no interim evaluation of the future GMES programme is scheduled so far, the report needs to ensure that for the follow-up decision making needs robust evaluation results are available. Annexes should be carefully proofread, streamlined and aligned with the main text revised along the lines of the comments above.

(E) IAB scrutiny process	
Reference number	
External expertise used	No
Date of Board Meeting	5 October 2011