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PROPOSAL

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Subject:	Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 912/2010 setting up the European GNSS Agency

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

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2013/0022 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 912/2010 setting up the European GNSS Agency

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

Security requirements play an essential role in the design, implementation and operation of the infrastructures emerging from the Galileo and EGNOS programmes, whose use could affect the security of the Union and its Member States. Due to their strategic aspect, satellite navigation systems are sensitive infrastructures that could be susceptible to malicious use. Given the increasing usage of satellite navigation across a great number of fields of activity, an interruption in the supply of services could lead to significant harm to modern society.

Regulation (EC) No 683/2008 of the European Parliament and of the Council of 9 July 2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo)¹ provides that the Commission should manage all aspects relating to security of the two systems established under the Galileo and EGNOS programmes. However, the security of the systems is itself subject to accreditation which consists of verifying the compliance of the systems with the specified security requirements and ensuring compliance with the relevant security rules applicable to the Council and the Commission. As is the case for all accreditation activities, security accreditation of the two European satellite navigation systems must be carried out independently, particularly with regard to all parties involved in their design, construction and operation.

The European GNSS agency is responsible for this accreditation activity pursuant to the combined provisions of Regulation (EC) No 683/2008 and Regulation (EU) No 912/2010 of the European Parliament and of the Council setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council². The latter lays down the terms for implementing the accreditation task entrusted to the Agency and specifies that security accreditation decisions must be taken independently with regard to the Commission and the bodies responsible for implementing the programmes. The obligation of independence must also apply to the other tasks assigned to the Agency.

In order to ensure that the security accreditation activities are performed in an independent manner, including, to a large extent, with regard to the other activities of the European GNSS Agency, Regulation (EU) No 912/2010 provides the Agency with an independent body, the Security Accreditation Board, which constitutes one of the three separate roles of the Agency along with the Executive Director and the Administrative Board. The Security Accreditation Board has equivalent status to the Administrative Board and is solely responsible for accreditation decisions. These decisions are nevertheless made on behalf of the Agency, in the

¹ OJ L 196, 24.07.2008, p. 1.

² OJ L 276, 20.10.2010, p. 11.

same way as the decisions of the Administrative Board, since the Agency alone has legal personality.

The European GNSS Agency's internal structural organisation is unusual in as much as it separates the activities associated with system security accreditation from the other activities, namely, security centre management, contribution to the preparation for commercialisation of the systems and any activities that the Commission might entrust to the Agency via delegations.

On 30 November 2011 the Commission adopted a proposal for a Regulation of the European Parliament and of the Council on the implementation and exploitation of European satellite navigation systems³. This future GNSS Regulation will replace Regulation (EC) No 683/2008 as of 1 January 2012 and determine the governance framework during the 2014-2020 period. In particular, it stipulates that most of the tasks associated with the operation of both the Galileo and EGNOS systems will be entrusted to the European GNSS Agency. The commitment expressed by the Commission in its proposal to delegating these tasks to the Agency is shared by the European Parliament and the Council, following discussions of the draft since the start of 2012. On 7 June 2012, the Council adopted a partial general approach (document 11105/12 of 11 June 2012) confirming this.

The question of the future of accreditation activities within the Agency will determine whether the European GNSS Agency will manage the exploitation of the two systems after 2013. In fact, for reasons associated with the potential for conflicts of interest and the fact that one cannot be both judge and interested party, the need for independence in security accreditation decisions, does not appear to be easily reconciled with the fact that such decisions are made within a body that is also responsible for exploitation, even though, as has been explained above, Regulation (EU) No 912/2010 lays down terms for a degree of independence for the Security Accreditation Board. In its proposal on the future GNSS regulation, the Commission, being aware of this difficulty, also stipulated that security accreditation of the systems would be one of the Agency's tasks 'until 30 June 2016 at the latest', at which time the exploitation activities would be in full flow. The question of the future of the accreditation activities following this date was therefore left open, which is to be the subject of a subsequent proposal.

The Commission's approach regarding the date of 30 June 2016 was widely supported when the draft was discussed by the members of the various parliamentary committees. Within the Council, the Member States emphasised the need to carry out accreditation activities independently and wanted the issue of the future of system security accreditation after 1 January 2014 to be settled as quickly as possible. Furthermore, on 7 June 2012, the Council adopted a declaration (document 11279/12 ADD 1) in which it deemed that accreditation activities should be performed in a strictly independent manner with regard to the other tasks entrusted to the European GNSS Agency, that a structural and effective division should be

³ COM(2011) 814 final

made within the Agency between its various activities by 1 January 2014 at the latest, and that the Chairperson of the Security Accreditation Board should be the only person in the Agency responsible for accreditation activities. Accordingly, the Council asked the Commission to submit such a proposal to amend Regulation (EU) No 912/2010 in good time.

It is important to resolve the issue of the future of the security accreditation of the European satellite navigation systems during the future financial framework 2014-2020. This means that Regulation (EU) No 912/2010 must be amended.

Amending Regulation (EU) No 912/2010 also presents an opportunity to incorporate changes in the text to bring it into line with the principles contained in the common approach of the European Parliament, Council and Commission on the decentralised agencies, as approved by the Commission on 12 June 2012.

Finally, the proposal on the abovementioned future GNSS Regulation adopted by the Commission on 30 November 2011, which provides for the possibility of extending the tasks of the European GNSS Agency and assignment of operational tasks, significantly affects its staff requirements and, hence, has consequences for its future budget. It is therefore important to amend the legislative financial statement associated with Regulation (EU) No 912/2010.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The Commission's proposal was not subject to an impact assessment nor did it follow formal consultation of the parties concerned.

With regard to the amendments designed to align Regulation (EU) No 912/2010 with the principles of the interinstitutional approach to the decentralised agencies, an impact assessment and formal consultation of the parties concerned was not required because this approach was itself the result of consultation between the Commission, the Council and the European Parliament.

With regard to the amendments concerning security accreditation of the European satellite navigation systems, it is important to note that the Member States, which are closely involved in all security-related matters, are in this case, the main, or in fact only, parties concerned other than the institutions of the Union and the European GNSS Agency. The Member States were widely consulted on this point during discussions on the future GNSS Regulation within the Council, which made its position known in the abovementioned declaration of 7 June 2012. In addition, the arrangements finally adopted were the focal point of extensive discussions with the European GNSS Agency. The European Parliament has received the proposal for the future European GNSS Regulation but has not yet issued a specific opinion on the matter.

In addition, the various solutions that could theoretically be envisaged for system security accreditation after 2013 have been assessed. There are six potential solutions.

1) Entrusting accreditation to the private sector:

Accreditation of European satellite navigation system security directly affects the security of the Union and its Member States, which want to be closely involved in the accreditation work and decisions. Consequently, entrusting accreditation to the private sector is not a serious option.

2) Creating a new regulatory agency for accreditation:

Creating a regulatory agency for accreditation of the security of the European GNSS systems might seem to be a good idea but clashes with the Union institutions' shared commitment over the last few years not to create any new regulatory agencies. In addition, this solution would have a significant cost, disproportionate to actual requirements. In fact, the permanent staff responsible for system security accreditation accounts for approximately ten people.

3) Entrusting accreditation to another existing regulatory agency:

An alternative solution to creating a new agency would be to entrust security accreditation to another existing regulatory agency. Among the various agencies of the Union, only the European Aviation Safety Agency (EASA) and, to a lesser extent, the European Defence Agency appear, in principle, capable of providing security accreditation of complex systems such as Galileo and EGNOS.

It should, however, be noted that such an accreditation task does not fall within the scope of the current tasks of these agencies. In addition, with regard to the EASA which should eventually be responsible for EGNOS certification, there is a serious risk of conflict of interests between this future certification role and any potential security accreditation task. With regard to the European Defence Agency which is principally concerned with the promotion of cooperation between Member States in matters relating to arms and the defence industries, entrusting it with the security accreditation of Galileo and EGNOS might appear to contradict the assertion that both systems are civil systems under civil control.

4) Entrusting accreditation to the Commission:

In 2007, during the preparatory work for the drafting of Regulation (EC) No 638/2008 reforming the governance of the programmes, it was planned to entrust the security accreditation of the two European satellite navigation systems to the Commission. This solution was abandoned at the time because it appeared that it could not be reconciled with the obligation of independence, with the Commission managing 'all questions relating to the security of the systems' under the terms of that Regulation. The same difficulty continues to apply today since the future GNSS Regulation which is intended to replace Regulation (EC)

No 638/2008 from 1 January 2014 also provides for the Commission to ensure the security of the programmes, including system security. Furthermore, the Member States are very attached to the structure of the Accreditation Board as it currently exists within the European GNSS Agency and it would be difficult, on an administrative level, to incorporate such a body in the Commission departments.

5) Entrusting accreditation to the Council:

There are several advantages associated with entrusting the security accreditation of European GNSS systems to the Council. First and foremost, the Council is not involved in the management of the programmes and its independence would not be called into question. It has a degree of expertise in accreditation of complex systems since it has already approved around fifty systems for its own needs. In addition, it is the body most able to assume responsibility for the political consequences of accreditation-related decisions, which could have significant repercussions on the progress of the programmes in terms of costs and schedules. Finally, the Member States, which want to be very closely associated with the accreditation process, are naturally much better represented in the Council than in any other Union body.

The disadvantages involved in implementing this solution, however, outweigh the advantages. In fact, the Council is not a managing authority and although it effectively has experience in accrediting a number of systems, up to now these have been Council internal systems only designed to ensure its smooth running. Furthermore, transferring and incorporating the structure made up of the Administrative Board and its subordinate components as they currently stand with staff including permanent officials into the administration of the General Secretariat of the Council would present the same administrative difficulties as a transfer to the Commission.

6) Reinforcing the separation of activities within the European GNSS Agency:

This involves modifying the internal organisation of the Agency so that there can be no further doubt concerning the independence of the accreditation activities *vis-à-vis* the other activities carried out by the Agency.

This solution, which means further separating the activities of the European GNSS Agency and reinforcing the independence of the two different bodies under a single legal and institutional roof, can provide the right degree of independence in the exercise of accreditation activities and is ultimately the solution that is least onerous, simplest and easiest to implement. Moreover, it was recommended by the Council in its declaration of 7 June 2012.

3. LEGAL ELEMENTS OF THE PROPOSAL

With regard to the need to ensure that activities associated with accreditation of the systems are carried out independently and hence to reinforce the separation of these activities and the other activities of the European GNSS Agency, the proposal provides mainly for an increase in the powers of the Security Accreditation Board and those of the Chairperson of the Security Accreditation Board, by partly aligning them with those of the Administrative Board and the Executive Director respectively.

It is also provided that the Security Accreditation Board must prepare and approve the part of the Agency work programmes describing the operational activities associated with system security accreditation as well as the part of the annual report concerning the activities and prospects of the Agency concerning systems' security accreditation activities and forward them in due course to the Administrative Board so that they can be incorporated in the Agency's work programme and annual report. It must also exercise disciplinary authority over its Chairperson.

The Chairperson of the Security Accreditation Board plays a role in relation to security accreditation activities comparable to that of the Executive Director in other Agency activities. In addition to representing the Agency, a function which is already laid down in Regulation (EU) No 912/2010 in its current version, he/she will henceforth manage the security accreditation activities under the direction of the Security Accreditation Board and ensure the implementation of the part of the Agency work programmes associated with accreditation. At the invitation of the Parliament or the Council, he/she may also submit a report on the performance of its tasks and make a statement before these institutions.

As regards the implementation of the interinstitutional approach to the decentralised agencies, the alignment with the principles set out in this approach notably affects the rules for adopting decisions by the Administrative Board, the mandate of the members of the Administrative Board and the Security Accreditation Board as well as those of their Chairpersons, the existence of a multiannual work programme, the powers of the Administrative Board concerning staff management, evaluation and revision of the Regulation, prevention of conflicts of interest and processing of non-classified sensitive information.

4. BUDGETARY IMPLICATIONS

The legal elements of the proposal referred to in point 3 above do not in themselves have any budgetary implications.

However, the legislative financial statement associated with Regulation (EU) No 912/2010, which accompanies the proposal and incorporates the new staff requirements of the Agency relating to the new tasks which may be entrusted to it, such as the exploitation of the European GNSS systems, translates these requirements in financial terms. In budgetary terms,

the amounts required are already included in the Commission's proposal for the next financial framework 2014-2020. They will be financed by redeployment within the budget headings of the GNSS programmes in the same way as the additional requirements for 2013. It should be noted that the expenditure associated with the new staff requirements of the Agency will be partially offset by a reduction of 30 posts in the Commission's establishment plan during the same period, i.e. from 2014 to 2020. The budget details are shown in the legislative financial statement in Annex.

It should be noted in any event that the figures referred to in the legislative financial statement are dependent on the adoption of the financial framework 2014-2020 by the budgetary authority and the adoption of the future GNSS Regulation.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU) No 912/2010 setting up the European GNSS Agency

THE EUROPEAN PARLIAMENT AND THE COUNCIL,

Having regard to the Treaty on the functioning of the European Union and in particular, Article 172 thereof,

Having regard to the proposal from the European Commission,

After forwarding of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee⁴,

Having regard to the opinion of the Committee of the Regions⁵,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) It follows from the combined provisions of Article 16 of Regulation (EC) No 683/2008 of the European Parliament and of the Council of 9 July 2008 on the further implementation of the European satellite navigation programmes (EGNOS and Galileo)⁶ and Article 2 of Regulation (EU) No 912/2010 of the European Parliament and of the Council setting up the European GNSS Agency, repealing Council Regulation (EC) No 1321/2004 on the establishment of structures for the management of the European satellite radio navigation programmes and amending Regulation (EC) No 683/2008 of the European Parliament and of the Council⁷ that the European GNSS Agency (hereinafter the 'Agency') must ensure the security accreditation of the European satellite navigation systems (the 'systems') and, to this end, initiate and monitor the implementation of security procedures and perform security audits.
- (2) The provisions of Regulation (EU) no 912/2010, in particular those in Chapter III of the Regulation, expressly lay down the terms under which the Agency must perform its task concerning security accreditation of the systems. In particular, they stipulate, in principle, that security accreditation decisions must be taken independently of the Commission and the bodies responsible for implementing the European satellite navigation programmes (hereinafter the 'programmes') and that the systems' security

⁴ OJ C , , p..

⁵ OJ C , , p..

⁶ OJ L 196; 24.7.2008, p. 1

⁷ OJ L 276; 20.10.2010, p. 11

accreditation authority shall be a independent body within the Agency that makes decisions independently.

- (3) In accordance with this principle, Regulation (EU) No 912/2010 establishes the Security Accreditation Board for European GNSS systems (hereinafter the 'Security Accreditation Board') which, alongside the Administrative Board and the Executive Director, is one of the three bodies of the Agency. This body performs the tasks entrusted to the Agency concerning security accreditation and is authorised to make security accreditation decisions on behalf of the Agency. It must adopt its rules of procedure and appoint its chairperson.
- (4) Regulation (EU) No xxx/2013 of the European Parliament and of the Council on the implementation and exploitation of European satellite navigation systems⁸, replacing Regulation (EC) No 683/2008, which will enter into force on 1 January 2014, defines the public governance arrangements for the programmes during 2014-2020. It extends the tasks entrusted to the Agency and provides, in particular, for the Agency to play a major role in the exploitation of the systems.
- (5) In this new context, it is essential to ensure that the Security Accreditation Board is able to carry out the task entrusted to it with complete independence, in particular *vis-à-vis* the other bodies and activities of the Agency. It is therefore essential to further separate, within the Agency itself, the activities associated with accreditation from its other activities, such as management of the security centre, contribution to the commercialisation of the systems and any activities that the Commission might entrust to the Agency by way of delegation, in particular those associated with exploitation of the systems. To this end, a tangible and effective structural division should be set up within the Agency between its various activities by 1 January 2014 at the latest.
- (6) In order to achieve this, Regulation (EU) No 912/2010 must be amended in order to increase the independence and powers of the Security Accreditation Board and its chairperson and to align these largely with the Administrative Board and the Executive Director of the Agency respectively, while providing for a cooperation requirement between the various bodies of the Agency.
- (7) The Security Accreditation Board and not the Administrative Board prepares and approves the part of the Agency work programmes describing the operational activities associated with security accreditation of the systems as well as the part of the annual report concerning the activities and prospects of the Agency with regard to the systems' security accreditation activities and submits them in good time to the Administrative Board so that they can be incorporated in the Agency's work programme and annual report. It must also exercise disciplinary authority over its Chairperson.
- (8) It would be desirable to assign a role in relation to security accreditation activities to the Chairperson of the Security Accreditation Board comparable to that of the Executive Director in other Agency activities. Therefore, in addition to the function of representing the Agency, already provided for under Regulation (EU) No 912/2010 in

⁸ OJ L ... of2013, p. ...[It should be noted that, as long as this Regulation and the Regulation implementing the future multiannual financial framework have not yet been adopted, the scope of the tasks entrusted to the European GNSS Agency and the budget appropriations assigned accordingly cannot be regarded as definitive]

its draft of 22 September 2010, the Chairperson of the Security Accreditation Board should manage the security accreditation activities under the direction of the Security Accreditation Board and ensure the implementation of the part of the Agency work programmes associated with accreditation. At the request of the Parliament or the Council, it should also submit a report on the performance of its tasks and make a declaration before these institutions.

- (9) In addition, in the interests of preserving the independence of the Security Accreditation Board and avoiding any conflicts of interest, it would also be useful for the Security Accreditation Board and the Agency staff under its control to carry out their work in a location ensuring their autonomy and independence with regard to the Agency's other activities, in particular *vis-à-vis* the operational activities associated with the exploitation of the systems and for the Agency's internal rules on staff to ensure the autonomy and independence of the staff performing the security accreditation activities *vis-à-vis* staff carrying out other Agency activities.
- (10) Furthermore, given the involvement of a number of third countries in the European GNSS programmes, including in security matters, express provision should be made for representatives of third countries to be able to participate under conditions to be specified in the work of the Security Accreditation Board.
- (11) Regulation (EU) No 912/2010 must be made consistent with the principles contained in the shared approach of the Parliament, Council and Commission to the decentralised agencies, adopted by the three institutions on 5 July, 26 June and 12 June 2012 respectively, particularly with regard to the rules for adopting decisions of the Administrative Board, the terms of office of the members of the Administrative Board and Security Accreditation Board and those of their chairpersons, the existence of a multiannual work programme, the powers of the Administrative Board concerning staff management, assessment and revision of the Regulation, prevention of conflicts of interest and handling of non-classified sensitive information.
- (12) The financial interests of the Union must be protected using proportionate measures throughout the expenditure cycle, in particular, by means of prevention and detection of irregularities, carrying out surveys, recovering lost, unduly paid or poorly administered funds and, if necessary, applying penalties.
- (13) Finally, given that Article [8] of Regulation (EU) No xxx/2013 (future GNSS Regulation) allows the Member States to contribute extra funds in order to finance certain programme features, the Agency should be permitted to award joint contracts with the Member States when appropriate for performance of its tasks.
- (14) Regulation (EU) No 912/2010 should be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 912/2010 is amended as follows:

- (1) Article 3 is replaced by the following:

'Article 3

Bodies

1. The bodies of the Agency shall be:
 - a) the Administrative Board;
 - b) the Executive Director;
 - c) the Security Accreditation Board for European GNSS systems.
 2. The bodies of the Agency shall accomplish their tasks, as specified in Articles 6, 8 and 11 respectively, in accordance with the guidelines issued by the Commission as set out in Article 16 of Regulation (EC) No 683/2008.
 3. The Administrative Board and the Executive Director on one hand, and the European GNSS System Security Accreditation Board and its Chairperson on the other hand, shall cooperate to ensure the operation of the Agency in accordance with the procedures determined by the Agency's internal rules, such as the rules of procedure of the Administrative Board, the rules of procedure of the Security Accreditation Board, the financial rules applicable to the Agency, the implementing rules for the status of staff and the rules governing access to documents.'
- (2) Article 4 is replaced by the following:

'Article 4

Legal status, local offices

1. The Agency is a body of the Union. It has legal personality.
2. In each Member State, the Agency shall enjoy the most extensive legal capacity accorded to legal persons under national law. In particular, it may acquire or dispose of real and personal property and be a party to legal proceedings.
3. The Agency may decide to set up local offices in the Member States, subject to their agreement, or in third countries participating in the work of the Agency, pursuant to Article 23.

The provisions relating to the installation and operation of the Agency in the Member States and host third countries and those relating to advantages accorded by the latter to the Executive Director, members of the Administrative Board, Agency staff and members of their families are subject to specific arrangements made by the Agency with those Member States and countries. The specific arrangements shall be approved by the Administrative Board.

Member States and host third countries shall provide an optimal framework for the Agency's activities, in particular as regards:

- a) accessibility of the premises,
 - b) the existence of suitable educational infrastructures for the children of members of staff and seconded national experts,
 - c) access to the employment market, social security system and healthcare for the families of members of staff and seconded national experts.
4. The Agency shall be represented by its Executive Director, subject to the provisions of Article 11a(1)(d).

(3) Article 5 is amended as follows:

- a) paragraph 2 is replaced by the following:

'2. The Administrative Board shall be composed of:

- a) one representative appointed by each Member State;
- b) five representatives appointed by the Commission;
- c) one non-voting representative appointed by the European Parliament.

The duration of the term of office of the Administrative Board members shall be four years and shall be renewable.

A representative of the Security Accreditation Board of the European GNSS systems, a representative of the High Representative for Foreign Affairs and Security Policy (the 'HR') and a representative of the European Space Agency (the 'ESA') shall be invited to attend the meetings of the Administrative Board as observers.'

- b) paragraph 4 is replaced by the following:

'4. The Administrative Board shall elect a Chairperson and a Deputy Chairperson from among its members. The Deputy Chairperson shall automatically take the place of the Chairperson when the Chairperson is prevented from attending to his duties. The term of office of the Chairperson and of the Deputy Chairperson shall be two years, renewable once, and shall expire when they cease to be members of the Administrative Board.'

- c) paragraph 6 is replaced by the following:

'6. Unless otherwise provided in this Regulation, the Administrative Board shall take its decisions by an absolute majority of its voting members.

A majority of two thirds of all voting members is required for election of the Chairperson of the Administrative Board and the Deputy Chairperson, and adoption of the budget and work programmes.'

(4) Article 6 is replaced by the following:

'Article 6

Tasks of the Administrative Board

1. The Administrative Board shall ensure that the Agency carries out the work entrusted to it, under the conditions set out in this Regulation, and shall take any necessary decision to this end, without prejudice to the competences entrusted to the Security Accreditation Board for the activities under Chapter III.
2. The Administrative Board shall also:
 - a) adopt, by 30 June of the first year of the multiannual financial framework provided for under Article 312 of the Treaty on the Functioning of the European Union, the multiannual work programme of the Agency for the period covered by the multiannual financial framework after incorporating the section drafted by the Security Accreditation Board in accordance with Article 11(3)(b) and after having received the Commission's opinion;
 - b) adopt, by 15 November each year at the latest, the Agency work programme for the following year having incorporated the section drafted by the Security Accreditation Body, in accordance with Article 11(3)(c) and after having received the Commission's opinion;
 - c) perform the budgetary functions laid down in Article 13(5), (6), (10) and (11) and Article 14(5);
 - d) oversee the operation of the Galileo security centre (hereinafter the 'Galileo Security Monitoring Centre' or the 'GSMC') as referred to in Article 16(a)(ii) of Regulation (EC) No 683/2008;
 - e) adopt arrangements to implement Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents(*), in accordance with Article 21;
 - f) adopt the annual report on the activities and prospects of the Agency, having incorporated the section drafted by the Security Accreditation Board in accordance with Article 11(3)d) and forward it, by 1 July, to the European Parliament, the Council, the Commission and the Court of Auditors;
 - g) ensure adequate follow-up to the findings and recommendations stemming from the evaluations referred to in Article 26, as well as those arising from the investigations conducted by the European Anti-Fraud Office (OLAF) and all internal or external audit reports, and forward to the budgetary authority all information relevant to the outcome of the evaluation procedures;
 - h) be consulted by the Executive Director on the delegation agreements made by the Commission and the Agency under Article [15(1)(d)] of Regulation [*future GNSS Regulation*] before they are signed;
 - i) adopt its rules of procedure.

3. With regard to the Agency's staff, the Administrative Board shall exercise the powers conferred by the Staff Regulations of Officials of the European Union on the appointing authority and by the Conditions of Employment of other servants on the authority empowered to conclude employment contracts ('the appointing authority powers').

The Administrative Board shall adopt, in accordance with the procedure provided for in Article 110 of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and on Article 6 of the Conditions of Employment of other servants delegating the relevant appointing authority powers to the Executive Director and defining the conditions under which this delegation of powers can be suspended. The Executive Director shall be authorised to sub-delegate these powers.

In application of the previous subparagraph, where exceptional circumstances so require, the Administrative Board may, by way of a decision, temporarily suspend the delegation of the appointing authority powers to the Executive Director and those sub-delegated by the latter and exercise them itself or delegate them to one of its members or to a staff member other than the Executive Director.

However, by way of derogation from the second paragraph, the Administrative Board shall be required to delegate to the Chairperson of the Security Accreditation Board the powers referred to in the first subparagraph with regard to recruitment, assessment and recategorising of staff involved in the activities covered in Chapter III and the disciplinary measures to be taken with regard to the abovementioned staff.

The Administrative Board shall adopt the implementing measures of the Staff Regulations of Officials of the Union and the Conditions of Employment of other servants in accordance with the procedure laid down in Article 110 of the Staff Regulations. It shall first consult the Security Accreditation Board and duly take into account its observations with regard to recruitment, assessment, reclassification of the staff involved in the activities under Chapter III and the relevant disciplinary measures to be taken.

It shall also adopt the measures concerning the secondment of the seconded national experts referred to in Article 15c, after consulting the Security Accreditation Board and duly taking into account its observations.

4. The Administrative Board shall appoint the Executive Director and may extend or end his term of office pursuant to Article 15c(4). It shall exercise disciplinary authority over the Executive Director.

(*) OJ L 145, 31.5.2001, p. 43. »

- (5) Article 7 is replaced by the following;

'Article 7

Executive Director

The Agency shall be managed by its Executive Director, who shall carry out his/her duties under the supervision of the Administrative Board, without prejudice to the powers granted to the Security Accreditation Board and the Chairperson of the Security Accreditation Board in Article in Articles 11 and 11a respectively.'

(6) Article 8 is amended as follows:

'Article 8

Tasks of the Executive Director

The Executive Director shall carry out the following tasks:

- (1) he/she shall be responsible for representing the Agency, except in respect of activities and decisions undertaken in accordance with Chapters II and III, and shall be in charge of its management; he/she shall sign the delegation agreements made by the Commission and the Agency under Article [15(1)(d)] of the Regulation [*future GNSS Regulation*];
- (2) he/she shall prepare the work of the Administrative Board and participate, without having the right to vote, in the work of the Administrative Board;
- (3) he/she shall be responsible for implementing the annual work programmes of the Agency under the control of the Administrative Board, with the exception of the part of the programmes covered in Chapter III;
- (4) he/she shall take all necessary measures, including the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Agency in accordance with this Regulation;
- (5) he/she shall draw up a draft statement of the Agency's estimated revenue and expenditure in accordance with Article 13, and implement the budget in accordance with Article 14;
- (6) he/she shall prepare a draft general report each year, duly taking into account the comments of the Chairperson of the Security Accreditation Board concerning the activities covered in Chapter III, and submit it to the Administrative Board;
- (7) he/she shall ensure that the Agency, as the operator of the GSMC, is able to respond to instructions provided under Joint Action 2004/552/CFSP;
- (8) he/she shall define the organisational structure of the Agency and submit it for approval to the Administrative Board;
- (9) he/she shall exercise, with regard to the Agency's staff, the powers referred to in the first subparagraph of Article 6(3), to the extent that these powers shall be

delegated to him in accordance with the second subparagraph of the same paragraph;

- (10) he/she shall adopt, after approval by the Administrative Board, the necessary measures to establish local offices in Member States in accordance with Article 4;
 - (11) he/she shall ensure that the secretariat and all the resources necessary for proper functioning are provided to the Security Accreditation Board and to the bodies referred to in Article 11(11);
 - (12) he/she shall prepare an action plan for monitoring the findings and recommendations of the assessments made and submit a twice-yearly progress report to the Commission;
 - (13) he/she take the following measures to protect the financial interests of the Union:
 - i) he/she shall take preventive measures against fraud, corruption or any other illegal activity and shall make use of effective supervisory measures;
 - ii) he /she shall recover sums unduly paid where irregularities are detected and, where appropriate, apply effective, proportionate and dissuasive administrative and financial penalties;
 - (14) he/she shall draw up an anti-fraud strategy for the Agency and submit it to the Administrative Board for approval.'
- (7) the following Article 8a is inserted:

'Article 8a

Work programmes and annual report

1. The multiannual programme of the Agency, referred to in Article 6(2)(a) lays down the actions that the Agency must perform during the period covered by the multiannual financial framework provided for in Article 312 of the Treaty on the functioning of the European Union, including actions associated with international relations and the communication for which it is responsible. This programme shall determine the human and financial resources assigned to each activity. It shall take into account the assessments referred to in Article 26.
2. Based on the multiannual work programme, the annual work programme referred to in Article 6(2)(b) lays down the actions that the Agency must perform during the coming year, including actions associated with international relations and the communication for which it is responsible. This programme shall determine the human and financial resources assigned to each activity. For information purposes, it shall include the tasks that the Commission has delegated, as required, to the Agency pursuant to Article [15(1)(d)] of the Regulation (future GNSS Regulation).
3. The annual general report referred to in Article 8(f) shall record the implementation of the Agency work programmes.'

(8) Article 10(g) is replaced by the following:

'g) the European GNSS system security accreditation authority shall be, within the Agency, an autonomous body that takes its decisions in a strictly independent manner, including with regard to the Commission and other bodies responsible for the implementation of the programmes, as well as with regard to the Executive Director and the Administrative Board of the Agency;'

(9) Article 11 is amended as follows:

a) paragraph 3 is replaced by the following:

'3. The Security Accreditation Board shall:

- a) perform security accreditation of the systems consisting of verifying compliance of the systems with the security requirements referred to in Article 13 of Regulation (EC) No 683/2008 and compliance with the relevant security rules and regulations applicable to the Council and the Commission.
- b) prepare and approve the part of the multiannual work programme referred to in Article 8a(1) concerning the operational activities covered in this chapter and the financial and human resources needed to accomplish them, and submit it to the Administrative Board in good time so that it can be incorporated in the abovementioned multiannual work programme;
- c) prepare and approve the part of the annual work programme referred to in Article 8a(2) concerning the operational activities covered in this chapter and the financial and human resources needed to accomplish them, and submit it to the Administrative Board in good time so that it can be incorporated in the abovementioned annual work programme;
- d) prepare and approve the part of the annual report referred to in Article 6(2)(f) concerning the Agency's activities and prospects covered in this chapter and the financial and human resources needed to accomplish them, and submit it to the Administrative Board in good time so that it can be incorporated in the abovementioned report;
- e) exercise disciplinary authority over its Chairperson.
- f) adopt its rules of procedure;'

b) paragraphs 7 and 8 are replaced by the following:

'7. The Security Accreditation Board shall be composed of one representative per Member State, a Commission representative and an HR representative. The term of office of the members of the Security Accreditation Board shall be four years and shall be renewable. A representative of ESA shall be invited to attend the meetings of the Security Accreditation Board as an observer. Where appropriate, the participation of representatives of third countries and the

conditions thereof shall be established in the arrangements referred to in Article 23.

8. The Security Accreditation Board shall elect a Chairperson and Deputy Chairperson from among its members by a two-thirds majority of all members with the right to vote. The Deputy Chairperson shall automatically take the place of the Chairperson where the Chairperson is prevented from attending to his duties.

The Security Accreditation Board shall have the power to dismiss the Chairperson and the Deputy Chairperson. It shall adopt the decision to dismiss by a two-thirds majority.

The term of office of the Chairperson and of the Deputy Chairperson of the Security Accreditation Board shall be two years, renewable once. The term shall end when the Chairperson or Deputy Chairperson ceases to be a member of the Security Accreditation Board.'

c) paragraph 9 is deleted;

d) paragraph 10 is replaced by the following:

'10. The Security Accreditation Board shall have access to all the human and material resources required to provide appropriate administrative support functions and to enable it, together with the bodies referred to in paragraph 11, to perform its tasks independently, in particular when handling files, initiating and monitoring the implementation of security procedures and performing system security audits, preparing decisions and organising its meetings. It shall also have access to any information needed for the performance of its tasks in the possession of the Agency, without prejudice to the principles of autonomy and independence referred to in Article 10(g).'

e) the following paragraph 17 shall be added:

'17. The Security Accreditation Board and the Agency staff under its supervision shall perform their work in a manner ensuring autonomy and independence in relation to the other activities of the Agency, particularly operational activities associated with the exploitation of the systems.'

(10) the following Article 11a is inserted after Article 11:

'Article 11a

Tasks of the Chairperson of the Security Accreditation Board

1. The Chairperson of the Security Accreditation Board shall perform the following tasks:
 - a) manage security accreditation activities under the supervision of the Security Accreditation Board;

- b) ensure the implementation of part of the Agency's work programmes covered in this Chapter under the supervision of the Security Accreditation Board;
- c) cooperate with the Executive Director to help to draw up the draft establishment plan referred to in Article 13(3);
- d) represent the Agency for the activities and decisions covered in this chapter;
- e) exercise, with regard to the Agency's staff involved in the activities concerned by this chapter, the powers referred to in Article 6(3), first subparagraph, delegated to it in accordance with the fourth subparagraph of the abovementioned paragraph.

2. The Chairperson of the Security Accreditation Board may be called upon by the European Parliament or the Council to submit a report on the performance of his tasks, and to make a statement before those institutions.'

(11) Article 13 is amended as follows:

a) paragraph 3 is replaced by the following:

'3. The Executive Director shall, in close collaboration with the Chairperson of the Security Accreditation Board for activities covered in Chapter III, draw up a draft estimate of expenditure and revenue of the Agency for the next financial year and forward it to the Administrative Board and the Security Accreditation Board, accompanied by a draft establishment plan.'

b) paragraph 5 is replaced by the following:

'5. Each year, the Administrative Board, based on the draft estimate of expenditure and revenue and in close cooperation with the Security Accreditation Board for activities covered in Chapter III, shall draw up the estimate of the Agency's revenue and expenditure for the next financial year.'

(12) in Article 14, paragraph 10 is replaced by the following:

The European Parliament, on a recommendation from the Council acting on a qualified majority, shall, before 30 April of the year N + 2, grant discharge to the Executive Director in respect of the implementation of the budget for year N, with the exception of the part of the budget implementation covering tasks which are, where appropriate, entrusted to the Agency under Article [15(1)(d)] of the Regulation [*future GNSS regulation*] to which shall apply the procedure referred to in Articles 164 and 165 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

(*) OJ L 298, 26.10.12, p.1.'

- (13) after Chapter IV, the following Chapter IVa is inserted:

'CHAPTER IVa

HUMAN RESOURCES

Article 15a

Staff

1. The Staff Regulations of Officials of the Union, the Conditions of Employment of other servants and the rules adopted jointly by the institutions of the Union for the purposes of the application of those Staff Regulations and conditions of employment shall apply to the staff employed by the Agency.
2. The Agency's internal rules, such as the rules of procedure of the Administrative Board, the rules of procedure of the Security Accreditation Board, the financial rules applicable to the Agency, the rules for the application of the staff regulations and the rules for access to documents, shall ensure the autonomy and independence of staff performing the security accreditation activities vis-à-vis staff performing the other activities of the Agency, pursuant to Article 10(g).

Article 15b

Appointment and Term of Office of the Executive Director

1. The Executive Director shall be recruited as a temporary member of staff of the Agency in accordance with Article 2(a) of the Conditions of Employment of other servants.
2. The Executive Director shall be appointed by the Administrative Board on the grounds of merit and documented administrative and managerial skills, as well as relevant competence and experience, from a list of candidates proposed by the Commission, after an open and transparent competition, following publication a call for expressions of interest in the *Official Journal of the European Union* and elsewhere.

The Chairperson of the Administrative Board shall represent the Agency for the purpose of concluding the Executive Director's contract.

The Administrative Board shall take its decision to appoint the Executive Director by a two-thirds majority of its members.

3. The term of office of the Executive Director shall be five years. At the end of this term of office, the Commission shall carry out an assessment taking into account the Executive Director's performance and the future tasks and challenges of the Agency.

Based on a Commission proposal taking into account the assessment referred to in the first subparagraph, the Administrative Board may extend the term of office of the Executive Director once for a period of up to five years.

The decision to extend the term of office of the Executive Director shall be adopted by a two-thirds majority of members of the Administrative Board.

An Executive Director whose term of office has been extended may not take part in a selection procedure for the same post following the extension of the term of office.

4. The Administrative Board may dismiss the Executive Director, on the basis of a Commission proposal, by means of a decision adopted by a two-thirds majority of its members.
5. The European Parliament or the Council may call upon the Executive Director to submit a report on the performance of his tasks, and to make a statement before those institutions.

Articles 15c

Seconded national experts

The Agency may also use national experts. . These experts shall have appropriate security clearances.'

- (14) Article 16 is amended as follows:

'Article 16

Fraud prevention

1. In order to combat fraud, corruption and other unlawful activities, the provisions of Regulation (EC) No 1073/1999 of the European Parliament and of the Council (*) shall apply without restriction. To this end, the Agency shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council and the Commission of the European Communities concerning internal investigations by the European Anti-Fraud Office (OLAF) (**) and shall issue the appropriate provisions to the staff of the Agency and to seconded national experts using the model decision in the Annex to the abovementioned Agreement.
2. The Court of Auditors shall have the authority to supervise beneficiaries of the Agency's funding as well as contractors and sub-contractors who have received Union funds via the Agency, on the basis of documents provided to it or on-the-spot checks.
3. With regard to grants financed or contracts awarded by the Agency, OLAF may carry out investigations, including on-the-spot checks and inspections in accordance with Regulation (EC) No 1073/1999 and Council Regulation (EURATOM, EC) No 2185/96 (***), in order to combat fraud, corruption and any other illegal activity detrimental to the Union's financial interests.
4. Without prejudice to paragraphs 1, 2 and 3 of this Article, the cooperation agreements concluded by the Agency with non-member countries or international organisations, contracts and grant agreements concluded by the Agency with third parties, and any financing decision taken by the Agency shall provide expressly that

the Court of Auditors and OLAF may carry out checks and investigations in accordance with their respective powers.

(*) OJ L 136, 31.05.99, p. 1.

(**) OJ L 136, 31.05.99, p. 15.

(***) OJ L 292, 15.11.96, p.2.'

(15) Article 17 is replaced by the following:

'Article 17

Privileges and immunities

The Protocol (No 7) on the Privileges and Immunities of the European Union shall apply to the Agency and to its staff.'

(16) Article 18 is deleted;

(17) Article 22 is replaced by the following:

'Article 22

Security rules on the protection of classified or sensitive information

The Agency shall apply the Commission's security rules regarding the protection of EU classified information, laid down in the Annex to Commission Decision 2001/844/EC, ECSC, Euratom of 29 November 2001 amending its internal Rules of Procedure (*). It shall also apply them to non-classified sensitive information. This shall cover, *inter alia*, provisions for the exchange, handling and storage of this information.

(*) OJ L317, 3.12.2001, p.1.

(18) the following Article 22a is inserted after Article 22:

'Article 22a

Conflict of interest

1. The Executive Director, as well as officials seconded by Member States and the Commission on a temporary basis shall make a declaration of commitments and a declaration of interests indicating the absence of any direct or indirect interests, which might be considered prejudicial to their independence. These declarations shall be made in writing on their entry into service and shall be renewed in the event of a change in their personal circumstances.

2. Before any meeting which they are to attend, external experts participating in ad hoc working groups shall declare the absence of any interest which might place their independence in question in view of the items on the agenda.
 3. The Administrative Board and the Security Accreditation Board shall implement a policy to avoid conflicts of interest.'
- (19) the following Article 23a is inserted after Article 23:

'Article 23a

Joint procurement with the Member States

For the performance of its tasks, the Agency shall be authorised to award contracts jointly with the Member States in accordance with Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union(*)).

(*) OJ L 362, 31.12.2012, p. 1.'

- (20) Article 26 is replaced by the following:

'Article 26

Evaluation and revision of this Regulation

1. By 2016 at the latest, and every five years thereafter, the Commission shall arrange an evaluation of the Agency, concerning, in particular, its impact, effectiveness, smooth running, working methods, requirements and use of the resources entrusted to it. This evaluation shall include, in particular, an assessment of any change in the Agency's tasks and the financial impact of such a change.
2. The Commission shall submit the evaluation report and its conclusions with regard to the content of this report to the European Parliament, the Council, the Administrative Board and the Security Accreditation Board of the Agency. The results of the evaluation shall be made available to the public.
3. One evaluation in two shall include an inspection of the Agency's balance sheet in terms of its objectives and tasks. If the Commission considers that the continuation of the Agency is no longer justified with regard to the objectives and tasks assigned to it, the Commission may propose that this Regulation be repealed.'

Article 2

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 European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on [body] appropriations*
 - 3.2.3. *Estimated impact on [the body's] human resources*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party participation in financing*
- 3.3. Estimated impact on revenue
- 3.4. Estimated impact on the Commission's human resources

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Regulation of the European Parliament and of the Council amending Regulation (EU) No 912/2010 of 22 September 2010 setting up the European GNSS Agency – amendment of the financial statement.

1.2. Policy area(s) concerned in the ABM/ABB structure⁹

Policy Area(s) concerned: Enterprise and Industry

Chapter 02.05: SATELLITE NAVIGATION PROGRAMME – GALILEO AND EGNOS

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**¹⁰
- The proposal/initiative relates to **the extension of an existing action**
- (The proposal/initiative relates to **an action redirected towards a new action**)

1.4. Objective(s)

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

To support the European presence in space and the development of services relating to satellites

The satellite navigation programmes (hereinafter 'the programmes') are flagship projects of the Union. They aim to provide navigation services and will foster considerable developments in numerous sectors of activity, drive technological innovation and growth of competitiveness in the European economy and provide a source of job creation, commercial revenue and socio-economic benefits. As such, they form part of the Europe 2020 strategy and policies for sustainable development.

More specifically, the Galileo programme aims to establish Europe's global navigation satellite system (hereafter GNSS). It will lead to the provision of positioning, timing and navigation services to users worldwide for a wide range of applications, from transport, financial securities clearance, electricity provision, weather forecasting, to road tolling.

EGNOS is a European system developed to improve the performance of the American GPS over the European area. It makes existing satellite navigation services suitable for safety-

⁹ ABM: activity-based management – ABB: Activity-Based Budgeting.
¹⁰ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

critical applications such as flying and landing aircraft or navigating ships through narrow channels in air or maritime transport.

Based on the governance structure proposed by the Commission in its proposal for a regulation on the implementation and exploitation of the European satellite navigation programmes¹¹ governance structure supported by the Council in its partial general approach agreed on 7 June 2012 and by the European Parliament, the European GNSS Agency (hereafter the "Agency") will become a major stakeholder in the exploitation phase of the programmes.

Nevertheless, considering that the Regulation on the implementation and exploitation of the European satellite navigation systems (hereafter "GNSS Regulation") has not been adopted yet – it is currently under discussion at the level of the Budgetary Authority – and is subject to the final decision on the content of the next multiannual financial framework, some of the hypotheses used to prepare the present legislative financial statement are not definitive.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Considering this more active role of the Agency in the exploitation phase of the programmes, the present proposal aims to reinforce the independence of the Security Accreditation Board (one of the three bodies of the Agency) and to provide the appropriate financial and human resources to perform the tasks allocated to the Agency.

1. Security accreditation:

Due to their strategic importance, the European satellite navigation systems are critical infrastructures. They could be misused, threatening the security of the Union and of Member States. Moreover, any interruption of their services could lead to significant losses for the European economy as more and more economic sectors are dependent on satellite navigation.

To guarantee the security of the systems, an independent security accreditation needs to be performed and is crucial for the systems. Such accreditation ensures that the security measures are adequate to defend the system against threats and vulnerabilities, that the system itself does not meet any unacceptable risk during its lifecycle and that the system itself can process, store or forward sensitive or classified information without unacceptable risks, according to specific conditions.

As the Agency will be more involved in the implementation of the programmes under the new governance structure, the separation between activities relating to security accreditation and the other activities of the Agency needs to be reinforced to avoid conflict of interest between these activities and safeguard the independence of security accreditation.

2. Market development and applications development:

The agency should contribute to the commercialisation of Galileo and EGNOS services to foster their uptake. As regards commercialisation of services, the latter is very important to maximise the socio-economic benefits expected from the systems.

¹¹ COM(2011) 814 final

3. Operation of the Galileo Security Monitoring Centres and PRS applications development:

The Agency will be responsible for the operations of the GSMC (Galileo Security Monitoring Centre).

The GSMC is considered to be the 'brains' of the Galileo system as regards overall security. It is a critical operational centre for the system. It will be able to analyse and respond to threats or attacks. It will therefore have to be operational prior to the Galileo services being up and running and needs to be operated 24 hours per day, seven days per week by qualified experts. It is based at two geographical sites located in Saint Germain en Laye in France and Swanwick in the United Kingdom.

4. Exploitation of the systems:

The objective of the exploitation of the systems is to provide high quality services to satisfy users' needs and to take all measures for their widest and fastest adoption. An appropriate setting-up of the exploitation is critical to ensure the long term running of the systems and the maximisation of socio-economic benefits.

The governance shall be tailored to the different programmes (Galileo and EGNOS) as they are at different stages of development and to the phases of the programmes to avoid disruption. While EGNOS is already operational and in its exploitation phase, Galileo will soon start a crucial step in its development with the provision of services which will mark the beginning of its exploitation phase.

With respect to EGNOS,

- its exploitation phase started in October 2009;
- the management of EGNOS exploitation is currently under the responsibility of the Commission. The latter will be transferred to the Agency on 1 January 2014, with a gradual phasing-in envisaged as from 2012 onwards;
- in the new governance framework (from 2014 onwards), the Agency will manage all EGNOS exploitation-related activities from 2014 and will outsource specific operational tasks to other entities, in particular the EGNOS operator.

With respect to Galileo,

- different phases of the programme will overlap in the coming years;
- during the on-going deployment phase of the programme, the current set-up will remain in place to ensure continuity and consistency; the Commission will remain responsible for the completion of the Galileo's infrastructure;
- during the exploitation phase, which should start in 2014 with the provision of initial services, the Agency will progressively manage exploitation-related activities under a delegation agreement with the Commission. The Agency will ensure the coordination of all the tasks relating to the exploitation of the system such as maintenance, operations, service

provision and the implementation of future generation of systems, as well as supporting the definition of system requirements for future systems by providing feedback on changing operational needs and users' requirements. This exploitation phase of Galileo constitutes a new programme phase and is subject to a delegation of programme management from the Commission to the Agency.

To perform tasks relating to the exploitation of the systems, the Agency will need to be sufficiently staffed. To ensure service continuity and a smooth start of the exploitation phase of Galileo in 2014, it is also crucial that the appropriate transition period is implemented prior to 2014.

Specific objective

To develop and provide infrastructure and services based on satellite radio-navigation (Galileo)

ABM/ABB activities concerned

02 05 SATELLITE NAVIGATION PROGRAMME – GALILEO AND EGNOS

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The European satellite radio navigation programmes commenced more than 10 years ago on the basis of a political vision to develop and operate a global system that would allow the European Union to reap the economic and strategic benefits thereof and provide satellite navigation services optimised for civil use.

Galileo and EGNOS will bring significant socio-economic benefits to the European Union due to:

i) direct benefits resulting from the growth of the downstream GNSS-based market (receivers and applications). For example, if more planes are equipped with GNSS receivers, additional revenues will be generated by the manufacturers of these receivers;

ii) indirect benefits, outcome of the emergence of new applications. If flight duration is reduced thanks to better navigation, planes will pollute less and passengers will save precious time. Moreover, safer transport modes and more efficient emergency services will allow more lives to be saved;

iii) direct benefits resulting from the growth of the upstream market and technological spillover to other sectors. Investment directly made into the GNSS upstream segment will benefit the industry. However, other sectors will also take advantage of new developments in the space sector. For example, instruments developed to evaluate and monitor the structural health of launchers or fuel tanks can be used in automotive, construction, energy and utility companies.

Although the system resulting from the Galileo programme will be self-contained, the performance of its services will be enhanced thanks to its interoperability with other systems such as the US GPS or Russia's GLONASS. Hence cooperation with other countries providing satellite navigation services will help maximise benefits for users, the public or the economy as a whole.

Managing the exploitation of the systems, as well as security accreditation, the Agency will be the cornerstone of service provision. It will also be a major stakeholder to foster downstream market development. As such, the Agency performance will have a direct impact on the socio-economic benefits expected from the systems.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

Indicators for monitoring the performance of the Agency will be set based on the type of activity as follows:

1. Security accreditation:

The Agency needs to ensure the successful completion of the security accreditation activities on time for each milestone of the Galileo programme (e.g. to allow each launch of satellites).

Its implementation will be evaluated based on its contribution to the successful deployment of the infrastructure and on the number of audit/security checks performed every year.

These checks consist of detailed technical examination by or for the appropriate authority, or its nominated competent representatives, of the security aspects of the system, of a cryptographic or a computer security product. The evaluation confirms the presence of required security functionality and makes an assessment of the incorruptibility of such functionality. The evaluation determines the extent to which the security requirements of a system are satisfied and establishes the assurance level of the system.

The number of checks depends on the progress made and on the deployment of ground stations.

It is estimated that around 10 checks will be performed yearly between 2013 and 2015, and 5 between 2016 and 2020.

2. Market development and applications development:

Activities relating to the performance of the Agency with regard to the commercialisation of the services will be evaluated based on the market uptake of the services provided by EGNOS and Galileo with specific indicators to be developed by services once they become operational such as the number of airports with EGNOS-based approach procedures, the number of tractors equipped with EGNOS receivers and the estimated total socio-economic benefits from the systems.

So far 82 airports have developed EGNOS-based approach procedures. The aim is for 50% of all the appropriate relevant airports to have developed EGNOS-based approach procedures by 2020.

3. Operation of the Galileo security monitoring centres and PRS applications development:

These operations can be measured with an indicator of the number of operational processes put in place. The aim is for a figure of 500 to be reached in 2016. As the centres are not operational yet, no processes are in place today.

4. Exploitation of the systems:

According to the proposal for a regulation on the implementation and exploitation of the European satellite navigation systems, activities relating to the exploitation of the systems will be based on a delegation agreement between the Commission and the Agency. This delegation agreement will detail the operational indicators for monitoring the implementation of these activities as it is currently the case for EGNOS.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

In light of current figures on the development of the Agency, it is not possible to carry out the new tasks included in the proposal for a regulation on the implementation and exploitation of

the European satellite navigation systems, in particular with regard to their exploitation. The financial statement should therefore be revised to adapt to the reality of the agency's staffing needs.

Moreover, it should be noted that the implementation of the proposed governance model requires the Agency to have appropriate technical and operational staff with high level expertise in a very specialised area. The organisational set-up of the Agency should also build on the specificities of the activities to be performed.

Although the Agency will not perform all the activities internally and will outsource a large number of tasks relating to service provision and the development of major modifications and new generations of systems, it needs to be staffed with the appropriate technical experts to manage necessary procurement, control outsourced activities and prepare high quality reporting to the Commission. Considering the complexity of the programmes, it is also important to avoid intellectual hazard. Intellectual hazard could prevent the appropriate acquisition, communication, process and implementation of information crucial to the success of the operations and therefore poses a threat to the smooth, orderly, and efficient functioning of the programmes.

The extra staff will be funded by a redeployment within the budget headings of the GNSS programmes.

1.5.2. Added value of EU involvement

The EU right to act is based on article 172 of the Treaty on the functioning of the European Union and the GNSS Regulation.

The systems established under the European satellite navigation programmes are infrastructures set up as trans-European networks of which the usage extends well beyond the national boundaries of the Member States. Furthermore, the services offered through these systems contribute, in particular, to the development of trans-European networks in the areas of transport, telecommunications and energy infrastructures.

Satellite navigation systems cannot be set up by any single Member States as this would exceed its financial and technical capacities. Therefore, it can be only achieved by action at EU level.

1.5.3. Lessons learned from similar experiences in the past

Not relevant.

1.5.4. Coherence and possible synergy with other relevant instruments

Synergies are possible with other existing or future space programmes, e.g. for the expansion of user segments (applications for the downstream market).

Synergies shall also be sought within the other directorates of the European Commission as regards research and innovation. Applications and technologies using satellite navigation systems can impact various sectors of the economy and of society such as transport, energy, location based services, banking, agriculture, etc. It is important to ensure that research and

innovation programmes are coordinated by the Commission to maximise the socio-economic benefits expected from the programmes in those sectors of activities.

Furthermore, cooperation with the Joint Research Centre should be strengthened. The programmes could benefit from its scientific and technical expertise, as well as its state-of-the-art testing and measurement facilities for activities relating to the security of the GNSS systems and the development of GNSS-based applications.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

– Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY

– Financial impact from YYYY to YYYY

Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from 2014 to 2016,

– followed by full-scale operation.

1.7. Management mode(s) envisaged¹²

Centralised indirect management with the delegation of implementation tasks to:

- executive agencies
- bodies set up by the European Union¹³
- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Joint management with international organisations (*to be specified*)

If more than one management mode is indicated, please provide details in the 'Comments' section.

Comments

The current governance framework was established for Galileo's development and deployment phase as well as EGNOS initial exploitation i.e. for the period 2008-2013. This framework needs to be revised taking into consideration the fact that the Galileo deployment phase will extend beyond 2013 and that a new phase of the programme will start in 2014 with the provision of initial services. EGNOS governance should also be defined as the system has entered its operational phase. The GNSS Regulation, currently under discussion by the Council and the European Parliament, aims to define this governance framework.

As already mentioned in the GNSS Regulation proposal, a stable, long-term and sustainable governance framework needs to be defined. It shall optimise and rationalise the use of existing structures and ensure a gradual transition between the deployment phase and the exploitation phase safeguarding continuity of services.

¹² Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

¹³ As referred to in Article 185 of the Financial Regulation.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

For its core activities, the Agency will apply monitoring and reporting rules defined in the Common Approach on decentralised agencies agreed between the Commission, the European Parliament and the Council. The Agency will therefore propose:

- a strategic framework (multiannual work programme) including main actions, estimated budget and time-table necessary to meet its objectives at the latest by 30 June 2014;
- an annual work programme translating the strategic framework into detailed measures and indicators to be proposed at the latest by 15 November of the preceding year;
- an annual report evaluating the completion of the annual work programme;

In addition, every five years the Agency's performance will be evaluated according to its objectives and mission. Its legitimacy will also be re-evaluated every ten years.

Beyond these standard measures, for tasks delegated to it by the Commission, the Agency should ensure that all contracts and agreements concluded in the framework of the Galileo and EGNOS programmes will provide for supervision and financial control. Particular focus in all monitoring and evaluation mechanisms should be on containing programmes' cost while delivering the services on schedule.

In addition, the Commission, in exercising its powers of political supervision over the Galileo and EGNOS programmes, will strengthen the monitoring and evaluation mechanisms by requesting detailed annual management plans and implementation reports as well as organising regular programme progress meetings and carrying out financial and technological audits.

Finally, in the day-to-day management, the Agency will implement a risk management mechanism and appropriate management tools to contain programmes' cost based on better cost estimation, taking stock of previous experience and actual system implementation.

2.2. Management and control system

2.2.1. Risk(s) identified

The Agency will be responsible for activities crucial for the systems, their security and their market uptake.

If it cannot have the appropriate organisational set-up and staff to perform these activities the overall programmes will be at risk.

The major risks identified are the following:

- Market risks: market adoption of the services offered by the European satellite navigation systems depend on two major factors: the quality of the services offered and the readiness of the market to take on the new services offered. Technical performance inferior to that promised or service disruption will have a negative effect among users worldwide, and the infrastructure will not be used as a result. Therefore it is crucial that the exploitation of the systems is efficient. In addition, the availability of reliable receivers must be ensured for all services to be offered by Galileo, especially the Public Regulated Service and users awareness about the services provided by Galileo and EGNOS must be raised to maximise market adoption and hence the socio-economic benefits expected from the systems.
- Technological risks: satellite navigation uses leading-edge technology which has yet to be validated and the specifications of which are constantly evolving. Effective processes have to be put in place to ensure that systems evolution and new generations are based on users' latest needs and most high-performance technologies. The Agency needs to have the appropriate resources to put in place these processes and provide the necessary information to the Commission in order to determine the priorities as regards mission evolution.
- Industrial risks: establishing the infrastructure involves many industrial players, in a number of countries, whose work has to be coordinated effectively in order to arrive at systems which are reliable and fully integrated, particularly with regard to security. Lack of resources within the Agency could lead to delays and cost overruns, if the programmes cannot be coordinated effectively.
- Security risks: the Agency must see to it that the security of the systems is safeguarded effectively to guarantee the security of the Union and Member States.
- Governance risk: governance of the programmes requires various bodies to work together, and an appropriate degree of stability and organisation has to be guaranteed. The Agency will have a major role in the exploitation of the programmes and as such, it represents a major governance risk if it cannot operate efficiently.

2.2.2. *Control method(s) envisaged*

The Agency's accounts will be submitted for the approval of the Court of Auditors, and subject to the discharge procedure. The Commission's Internal Audit Service will be the Agency's internal auditor. In addition, the Agency is working towards quality and security certification of its key processes as from 2014.

2.3. **Measures to prevent fraud and irregularities**

Specify existing or envisaged prevention and protection measures.

The Agency is subject to monitoring by the Anti-Fraud Office.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Participation			
	Number [Description.....]	Diff./non-diff. (14)	from EFTA countries 15	from candidate countries ¹⁶	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
1	02.0502.01 European GNSS Agency (GSA) – Titles 1 and 2	Diff.	YES	NO	NO	NO
	02.0502.02 European GNSS Agency (GSA) – Title 3					

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Participation			
	Number [Description.....]	Diff./non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
	No new budget headings requested.					

¹⁴ = Differentiated appropriations / Non-diff. = Non-Differentiated Appropriations

¹⁵ EFTA: European Free Trade Association.

¹⁶ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

Before going into the details of the estimated impact of the present proposal, it is important to highlight that this estimated impact is provisional at this stage as it is subject to the adoption of the new Multiannual Financial Framework 2014-2020¹⁷ by the Budgetary Authority.

Furthermore, some of the hypotheses used to prepare the present legislative financial statement are not definitive. The governance structure of the programmes and the subsequent missions of the Agency are not defined in the present legislative proposal but in the GNSS Regulation, which is currently under discussion by the European Parliament and the Council. The need for more personnel is related to the new tasks allocated to the Agency in the GNSS Regulation.

Therefore, the Commission reserves its right to amend the present proposal if major changes occur in the governance or in the financing of the programmes. Hence, if the Budgetary Authority decides to drastically cut the budget allocated to the programmes, the tasks and the staff allocated to the Agency will have to be re-assessed. Similarly, if the Budgetary Authority decides to assign additional tasks to the Agency, staff allocation will also need to be re-evaluated. For example, the draft report of the European Parliament on the proposal for a regulation on the implementation and exploitation of the European satellite navigation systems¹⁸ (rapporteur: Marian-Jean Marinescu) provides for the Agency to be responsible for the management of centres of excellence to promote the development and uptake of GNSS applications, on top of the other tasks assigned to it in the Commission's proposal.

¹⁷ A Budget for Europe 2020 – COM(2011) 500

¹⁸ PE489.561v02-00

3.2.1. Summary of estimated impact on expenditure

EUR million (to 3 decimal places)

Heading of multiannual financial framework:		Number	Heading 1 – Smart and Inclusive Growth									
[Body]: <.....>			2013 ¹⁹ ₂₀	2014	2015	2016	2017	2018	2019	2020	TOTAL 2014-2020	
Budget heading 02.050201 European GNSS Agency (GSA) – Titles 1 and 2	Commitments	(1)	11.087 ₂₁	18.632	21.495	22.710	22.272	24.623	24.497	25.239	159.468	
	Payments	(2)	11.087	18.632	21.495	22.710	22.272	24.623	24.497	25.239	159.468	
Budget heading 02.0502 European GNSS Agency (GSA) – Title 3	Commitments	(1a)	2.363	6.550	6.150	6.100	6.150	6.800	6.800	6.300	44.85	
	Payments	(2a)	2.363	6.550	6.150	6.100	6.150	6.800	6.800	6.300	44.85	
TOTAL appropriations for GSA	Commitments	=1+1a -3a	13.450	25.182	27.645	28.810	28.422	31.423	31.297	31.539	204.318	
	Payments	=2+2a -3b	13.450	25.182	27.645	28.810	28.422	31.423	31.297	31.539	204.318	

¹⁹

This amount differs from the budget of the Agency for 2013 as it takes into account the financing of 20 additional posts in 2013 by redeployment of the GNSS programmes. The Commission will submit a proposal to the Budgetary Authority during 2013.

²⁰

The repayment of the balance of the outturn account is added to this total (0.709) and the contribution from third countries (0.325). Thus, the available appropriations total is 14.484 for 2013.

²¹

This amount includes 1.75 for the funding of 20 additional posts in 2013. The estimate used consists of 6 months of salaries for 2013 due to the recruitment time needed for the 20 new posts.

The Agency's budget for 2014-2020 has already been included in the Commission's proposal for the new MFF 2014-2020. The new tasks and associated costs will be financed through a redeployment of the GNSS programme as initially planned for the years 2014-2020. The impact will be as follows and amounts to EUR 117.1 million.

Budget heading 02.0501 European satellite navigation programmes (EGNOS and Galileo)	Commitments (3a)	-1.750	-13.482	-15.645	-16.610	-16.022	-18.723	-18.297	-18.339	-117.118

TOTAL appropriations for the GSA in the current MFF	Commitments =1+1a +3a	11.700	12.000	12.200	12.400	12.700	13.000	13.200	87.200

Heading of multiannual financial framework:	5	'Administrative expenditure'
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DG: <.....>	Year N	Year N+1	Year N+2	Year N+3	insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)	TOTAL
• Human resources						0
• Other administrative expenditure						0
TOTAL DG <.....>						0

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)												

EUR million (to 3 decimal places)

TOTAL appropriations under HEADING 1 to 5 of the multiannual financial framework	Year N ²²	Year N+1	Year N+2	Year N+3	insert as many columns as necessary in order to reflect the duration of the impact (see point 1.6)	TOTAL
Commitments						0
Payments						0

²² Year N is the year in which implementation of the proposal/initiative starts.

3.2.2. Estimated impact on appropriations of the GSA Agency – breakdown by objective and by heading

Commitment appropriations in EUR million (to 3 decimal places)

Indicate objectives and outputs ↓	OUTPUTS Type of output															
	Year 2013		Year 2014		Year 2015		Year 2016		Year 2017		Year 2018		Year 2019		Year 2020	
	Average cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs	Total cost	Number of outputs
Objective No 1 GNSS Security Accreditation																
Titles 1 and 2		2.123		2.749		2.804		2.762		2.637		2.878		2.845		2.912
Title 3		1.043		1.400		1.400		1.400		1.400		1.400		1.400		1.400
Sub-total for specific objective N°1		3.166		4.149		4.204		4.162		4.037		4.278		4.245		4.312
Objective No 2 Market development and applications development, including quality certification and GNSS communication																
Titles 1 and 2		1.415		1.833		1.869		1.688		1.612		1.759		1.739		1,780
Title 3		664		3.750		3.250		3.200		3.250		3.750		3.750		3.250
Sub-total for specific objective N°2		2.079		5.583		5.119		4.888		4.862		5.509		5.489		5.030
Objective No 3 Operation of the Galileo security monitoring centres and PRS applications development																
Titles 1 and 2		3.303		5.193		5.763		6.138		5.861		6.396		6.322		6.472

Title 3		656		1.400		1.500		1.500		1.500		1.650		1.650		1.650
Sub-total for specific objective N°3		3.959		6.593		7.263		7.638		7.361		8.046		7.972		8.122
Objective No 4 Exploitation of the GNSS Systems																
Titles 1 and 2		1.750		6.567		8.878		9.974		10.110		11.352		11.379		11.811
Support (Procurement, Finance, HR, Project and control management, Legal, Communication)																
Titles 1 and 2		2.496		2.291		2.181		2.148		2.051		2.238		2.213		2.265
TOTAL COST GSA		13.450		25.182		27.645		28.810		28.422		31.423		31.297		31.539

The assumptions for which the Agency's budget is calculated from 2013 to 2020 are the following:

- The new GNSS Regulation, currently under final discussion between the European Parliament and the Council, is to be adopted according to the terms proposed by the Commission. If that is the case, management of EGNOS exploitation should be transferred to the Agency and the programme management of the exploitation phase of Galileo should be delegated to the Agency from 01/01/2014. These major tasks require appropriate staffing and budgetary resources for the Agency in order to achieve the different programme milestones. The GNSS programme requirements and their development ought to entail an expansion of the Agency, which should be particularly fast until 2016 and gradual thereafter.
- The set up of the Galileo Security Monitoring Centres in France and the United Kingdom is currently under preparation. Full deployment is expected to take place in 2013 and 2014 and operational validation tests lasting 24 months are to begin at this time, which explains the need for certain additional staff and one-off costs in 2014. The need for this centre has been highlighted in particular during the detailed preparation work for the services. This centre must be equipped with qualified operators who will use the software and equipment with in-depth knowledge of the security aspects of the system and who must be trained in the services' deployment and progressive supply phase. In particular, they must also meet requirements in terms of access to PRS (Public Regulated Service) for PRS users. They must also draw up operational procedures and monitor and manage security incidents across the whole system.

- Rental costs for the Agency in Prague are free of charge until June 2017. After that, the Agency will have to pay, 25% of the commercial market value of the offices as rental costs to the Czech Authorities. An estimation has been carried out based on real Prague prices. Apart from headquarters, the Agency will have to cover other rental costs for additional locations where the Agency will perform its tasks i.e., in France (St. Germain en Laye, Toulouse), in the United Kingdom (Swanick) and in the Netherlands (ESTEC Centre, European Space Agency).
- Staff costs of the Agency are calculated based on the Commission average costs. They include a relatively low turnover of staff and an average entry into service for new recruits of April each year. Cost of living coefficients are also taken into account (Prague is 15% below Brussels coefficient, while France is 16% above Brussels coefficient).
- Costs subject to an estimated 3% inflation annual increase are salaries, rental costs, IT costs and services provided by the Commission, postage and telecommunications. The other costs have not been affected by inflation, which leads to a reduction in real costs for the Agency.
- Current administrative costs have been calculated based on real costs in 2011 and 2012, without increase due to inflation.
- In 2012 and 2013, the Agency IT networks and IT equipments are being fully renovated due to the relocation of the Agency's headquarters to Prague in September 2012. Based on depreciation and usability, a renewal of such equipment is expected in 2018, both for headquarters and for the Galileo Security Monitoring Centres.
- During the period 2014-2020 some of the most important communication activities will take place e.g., launch of Galileo early services in 2014-2015, Galileo full operational capabilities in 2018-2019. These major events will also require more segment markets to be included in the Agency's full campaigns, and a major revamp in existing websites and communication tools (including real time content enhancement).
- Costs are calculated on the assumption that the reinforcement of security accreditation independence defined in the present proposal vis-à-vis the Agency's other tasks will not lead to a duplication of central administrative services.

The table here below illustrates the detailed budget of GSA for the period 2013-2020.

Budget line	Heading	2012				2013				2014-2020							TOTAL	
		2012	DB 2013	Additional budget 2013	Revised 2013	2014	2015	2016	2017	2018	2019	2020						
	Title 1 - Staff expenditure																	
1100	Staff expenditure	6,149,109	6,575,000	1,280,000	7,855,000	10,892,552	12,357,217	14,447,117	14,352,913	14,985,347	15,539,313	16,121,796						98,696,255
	Tuition fees	350,000	350,000	15,000	365,000	665,000	770,000	1,440,000	1,465,000	1,485,000	1,505,000	1,530,000						8,860,000
1200	Recruitment costs	70,000	105,000	125,000	230,000	310,000	310,000	310,000	70,000	70,000	70,000	70,000						1,210,000
1300	Missions and travel	400,000	385,000	20,000	405,000	650,000	600,000	700,000	700,000	700,000	700,000	700,000						4,750,000
1400	Training expenditure	65,000	70,000	8,000	78,000	300,000	342,000	362,000	362,000	362,000	362,000	362,000						2,452,000
1700	Representation expenditure	5,000	5,000	0	5,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000						70,000
	Total for title 1	7,039,109	7,490,000	1,448,000	8,938,000	12,827,552	14,389,217	17,269,117	16,959,913	17,612,347	18,186,313	18,793,796						116,038,255
	Title 2 - Administrative expenditure																	
2000	Rental of buildings	716,505	540,000	290,000	830,000	2,277,000	4,936,310	3,186,855	3,289,461	4,031,895	4,152,852	4,277,437						26,151,810
2100	Data processing	2,050,000	895,000	0	895,000	2,199,800	999,700	879,481	821,145	1,769,696	940,535	943,665						8,554,022
2200	Movable property	200,000	184,000	0	184,000	385,000	133,000	270,000	50,000	50,000	50,000	50,000						988,000
2300	Current administrative costs	485,000	330,000	7,000	337,000	720,000	800,000	840,000	900,000	900,000	900,000	900,000						5,960,000
2400	Postage and telecommunication costs	80,000	150,000	5,000	155,000	157,680	171,433	199,364	186,201	194,488	202,409	209,198						1,320,773
2500	Meetings	71,287	85,000	0	85,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000						455,000
	Total for title 2	3,602,792	2,184,000	302,000	2,486,000	5,804,480	7,105,443	5,440,701	5,311,807	7,011,079	6,310,796	6,445,300						43,429,605
	Total for titles 1 and 2	10,641,901	9,674,000	1,750,000	11,424,000	18,632,032	21,494,660	22,709,818	22,271,720	24,623,425	24,497,109	25,239,096						159,467,860
	Title 3 - Operational expenditure																	
3100	Studies and operations	726,747	1,710,000	0	1,710,000	5,150,000	4,750,000	4,700,000	4,750,000	5,400,000	5,400,000	4,900,000						35,050,000
3300	SAB operational expenditure	1,370,000	1,350,000	0	1,350,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000						9,800,000
	Total for title 3	2,096,747	3,060,000	0	3,060,000	6,550,000	6,150,000	6,100,000	6,150,000	6,800,000	6,800,000	6,300,000						44,850,000
	TOTAL titles 1, 2 and 3	12,738,648	12,734,000	1,750,000	14,484,000	25,182,032	27,644,660	28,809,818	28,421,720	31,423,425	31,297,109	31,539,096						204,317,860

3.2.3. Estimated impact on the Agency's human resources

3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature.
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to 3 decimal places)

	2013	2014	2015	2016	2017	2018	2019	2020	TOTAL
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Officials (AD Grades)									
Officials (AST grades)									
Contractual agents		1.125	1.276	1.376	1.393	1.435	1.478	1.522	9.606
Temporary agents		9.768	11.081	13.071	12.960	13.550	14.061	14.599	89.090
Seconded National Experts									

TOTAL		10.893	12.357	14.447	14.353	14.985	15.539	16.122	98.696
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The main assumptions used to calculate staff costs are the following:

- TAs rates = Commission average rate (9 5000 EUR + inflation)
- CAs rate = Commission average rate (mix of FGIII and FGIV = 40 000 EUR + inflation)
- Inflation of 3% per year
- Existing costs of staff reduced by 3% due to rotation
- New recruited staff cost reduced by 25% - average entry into service 1 April
- Installation costs according to Staff Regulations: Installation allowance, daily allowance (only three months), removal costs, travelling costs.

The Agency's staff required 2013-2020 (in number of FTEs)

	2013	2014	2015	2016	2017	2018	2019	2020
Temporary agents	77	97	109	117	121	123	124	125
SNEs / CAs	17	25	29	31	31	31	31	31
TOTAL	94	122	138	148	152	154	155	156

The Agency's staff by activity (in number of FTEs)

	2013	2014	2015	2016	2017	2018	2019	2020
Staff directly assigned to exploitation of GNSS systems	20	43	57	65	69	71	72	73
Staff directly assigned to the GSMC	28	34	37	40	40	40	40	40
Staff for core GSA tasks (existing tasks)	46	45	44	43	43	43	43	43
TOTAL	94	122	138	148	152	154	155	156

The Agency's staff by activity (as a % of the total)

	2013	2014	2015	2016	2017	2018	2019	2020
% of GSA staff assigned to exploitation	21%	35%	41%	44%	45%	46%	46%	47%
Percentage of GSA staff assigned to the GSMC	30%	29%	27%	26%	26%	26%	26%	26%
Percentage of GSA staff assigned to core GSA tasks (existing tasks)	49%	36%	32%	30%	29%	28%	28%	27%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%

As previously outlined, the Agency will be responsible for a mix of tasks, some of which are new and some of which are a continuation of its current activities. The reduction of 5% of the staff allocated to current tasks of the Agency has been applied, leading to a reduction of 3 FTEs for its current tasks. This is reflected in the decrease of 1 FTE in 2014, 2015 and 2016 respectively.

The Agency's staff requirements have been assessed by the Commission after consultation with the Agency and on the basis of a study detailing all the activities to be carried out for the exploitation of the programmes²³.

²³ This study was performed by the consultant company Roland Berger in 2011 for EGNOS and 2012 for Galileo. The outcome of the study was a Work Breakdown Structure of the activities necessary to ensure the exploitation of the systems and the human resources required for each task. An outline of the main tasks to be performed by the Agency has been included in the description of tasks to be carried out.

Description of tasks to be carried out:

<p>Officials and temporary agents</p>	<ol style="list-style-type: none"> 1. Security Accreditation of the GNSS systems (Agency's core task) 2. Management of the Galileo Security Monitoring Centres (Agency's core task, which will be further increased mainly in 2014, following the initial posts in 2012 and 2013) 3. Market Development, GNSS applications development including PRS user technology development (Agency's core task with possible additional delegated tasks) 4. GNSS Communication (Agency's core task) 5. Exploitation of the GNSS systems (new delegated task – tasks relating to EGNOS exploitation constitute a transfer of responsibility from the Commission to the Agency while tasks relating to Galileo's exploitation phase constitute programme management tasks delegated to the Agency). <p>The activities to be carried-out during the exploitation phase have been identified and structured into a Work Breakdown Structure (WBS). Responsibility for all exploitation activities will be delegated to the Agency, which must ensure their coordination but not necessarily their execution. It should be noted that the majority of these activities arise from the need to ensure the operations of service provision and that these activities are not currently addressed in the existing organisation of the programmes. Within the WBS, all activities relating to exploitation can be structured in the following five strands:</p> <ul style="list-style-type: none"> - execution management, mainly consisting in <ul style="list-style-type: none"> o detailing the high-level objectives set by the Commission, the international or intergovernmental agreements and the system security requirements in the form of a technical Mission Requirement Document o controlling programme planning, cost and risk, o setting-up and following-up agreements and contracts required in programme exploitation; - programme engineering, consisting of the design of future developments in line with the Mission Requirement Document , coordinating system standardisation processes, developing new infrastructure, qualifying the new infrastructure (including software release), performing mission engineering and assessing the performance of the system; - infrastructure management, relating to the management of the infrastructure project, the performance of system engineering, building the space and ground infrastructures and deploying system updates; - operations and services provision, consisting of managing the
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	<p>service provisions, operating the infrastructure and monitoring the performance of the operations;</p> <ul style="list-style-type: none"> - utilisation of the services through definition and maintenance of a market strategy, promotion of the use and adoption of the services and fostering of the definition and development of new applications.
External personnel	<p>Mostly support/administrative tasks for operations.</p> <p>From 2015, the share of support staff amounts to 16% of all Agency's staff, which is in the lower band of all Agencies and below Union standard levels (this share is estimated at 25% for Union agencies at full cruising speed, and is even higher in the Commission).</p>

The table here below illustrates detailed staff numbers of the Agency for the period 2013-2020:

	2012			2013			2014			2015			2016			2017			2018			2019			2020		
	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total	TA	SNE+ CA	Total			
	Exploitation	1	0	1	8	0	8	17	3	20	25	7	32	31	8	39	35	8	43	37	8	45	38	8	46	39	8
	1	0	1	9	0	9	14	1	15	14	1	15	14	1	15	14	1	15	14	1	15	14	1	15	14	1	15
Support	0	0	0	3	0	3	3	3	6	4	4	8	4	5	9	4	5	9	4	5	9	4	5	9	4	5	9
	0	0	0	0	0	0	1	1	2	1	1	2	1	1	2	1	1	2	1	1	2	1	1	2	1	1	2
	10	5	15																								
Current situation	5	7	12																								
	14	2	16																								
	13	3	16																								
Delta in following plans				13	5	18	13	5	18	13	5	18	13	5	18	13	5	18	13	5	18	13	5	18	13	5	18
				5	7	12	5	7	12	5	7	12	4	7	11	4	7	11	4	7	11	4	7	11	4	7	11
				26	2	28	32	2	34	35	2	37	38	2	40	38	2	40	38	2	40	38	2	40	38	2	40
				13	3	16	12	3	15	12	2	14	12	2	14	12	2	14	12	2	14	12	2	14	12	2	14
Grand total	44	17	61	77	17	94	97	25	122	109	29	138	117	31	148	121	31	152	123	31	154	124	31	155	125	31	156

The additional staff required by the exploitation of the systems is essentially composed of AD posts, with less than 10% allocated to management tasks (AD10-12). The majority of the posts will be recruited under an AD6-9 grade due to the difficulties involved in recruiting experienced people with highly specialised technical skills.

3.2.3.2. Estimated requirements of human resources for the parent DG

- The proposal/initiative does not require the use of human resources.

The proposal does not require the Commission to make use of additional human resources. On the contrary, reductions are planned, as also described in paragraph 3.4.

- The proposal/initiative requires the use of human resources, as explained below:

3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible with the current multiannual financial framework for 2013 and – as regards future years – with the Commission's proposal for the 2014-2020 financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework²⁴.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

²⁴ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

3.4. Estimated impact on Commission's human resources

Although this financial statement concentrates on the effects on the Agency of the delegation of new responsibilities for the operational management of the GNSS Programmes, it is nevertheless useful to reflect also on the impact that the future governance of the GNSS Programmes may have on the Commission's human resources.

As previously explained, the tasks newly assigned to the Agency are for the most part new tasks for which there are no equivalents in the current organisational framework of the GNSS Programmes. In fact, while the tasks associated with the exploitation of EGNOS are to be transferred from the Commission to the Agency, the tasks associated with the exploitation of the system arising from the Galileo programme delegated to the Agency are new tasks as the system is not yet operational. This is because today Galileo is not yet providing any services, and the teams involved in the Commission and in the Agency have concentrated their efforts on the deployment of the infrastructure. The transition to an operational infrastructure, the start of provision of services on which lives depend will require entirely new activities and additional personnel. While this will lead to a combined Commission and Agency staff increase of 31%, the average yearly budget managed between 2007-2013 and 2014-2020 will increase by 103%.

For some years to come and until the appropriate milestone is achieved, the Commission will continue to be responsible for the deployment of the Galileo infrastructure and will have to keep in place the teams that supervise these activities. Thereafter the Commission's role will focus on the political supervision of the programmes, and this is why the Commission has proposed to reduce its establishment plan by a total of 30 posts over the 2014-2020 period. This reduction reflects notably:

- 2) the process of transferring EGNOS exploitation activities (the exploitation phase of the Galileo programme being a new task) to the Agency will lead to a reduction of Commission GNSS staff numbers by 3 FTEs (3.3%);
- 3) the staff decrease decided by the Commission for existing activities will lead to a further reduction by 12 FTEs (13%);
- 4) the principle of an additional staff reduction of 15 FTEs following internal redeployment in the Commission.

The change in staff numbers at the Commission for GNSS services is therefore as follows:

Commission staff assigned to GNSS tasks	2013	2014	2015	2016	2017	2018	2019	2020	Total reduction
Reduction	0	-3			-3	-4	-5	0	-15
TOTAL	92	89	89	89	86	82	77	77	

The additional reduction referred to in point 3) above will be distributed on a non-linear basis over the seven years. The reduction by 30 posts is independent and therefore in addition to the horizontal reduction of 5% in the Commission's workforce between 2013 and 2017; these posts will all be deducted from the Commission's establishment plan.

Additional reduction in staff at the Commission

	2014	2015	2016	2017	2018	2019	2020	Total reduction
TOTAL Additional reduction in staff at the Commission	-2	-3	-3	-2	-2	-2	-1	-15

These human resources requirements will be covered by the workforce of the DG already responsible for managing the activity and/or redeployed internally within the DG, supplemented, as required, by any additional allocation that could be granted to the managing DG in the context of the annual allocation procedure and in the light of existing budgetary constraints.

This reduction is applied despite the Commission's continued overall responsibility for the GNSS Programmes and despite a number of new tasks intended for the Commission by the Council and the European Parliament (as witnessed during the negotiations of the new GNSS Regulation), such as the definition of a new IPR policy, mission evolution and stringent reporting requirements to the GNSS Committee, the Council and the European Parliament. The Commission will endeavour to accommodate these new tasks through internal redeployments.

Specifically, the Commission's future role can be summarised in the following six blocks of activities:

- contributing to the EU's broader policy objectives: the goal is to promote the inclusion of GNSS technologies across different areas of research and their considerations in sectoral policy initiatives ranging from the modes of transport, to agriculture, personal mobility, timing, energy. The purpose is to ensure that EU policies in these sectors make the best use of the innovative potential and added value of the European satellite navigation systems;
- definition and developing the high-level objectives of the Programmes to reflect policy requirements and those of other stakeholders and users, and translating these into programme policy and technical requirements;

- defining and adapting the implementation conditions. In accordance with the strategic objectives of the Commission with regard to the programmes, measures for their implementation, such as delegation agreements, need to be defined, site hosting agreements elaborated and appropriate standards developed. Moreover, the Commission will remain responsible for the security of the systems. Therefore, it needs to define security requirements and ensure coordination with regard to security matters;
- defining and developing the GNSS-related policies, creating the regulatory and international environment conducive to achieving the GNSS Programmes' objectives. As part of the work on the regulatory framework for the GNSS Programmes, the Commission will examine the safety and security of the GNSS users, assess the vulnerability of satellite navigation systems and devices and propose countervailing measures, ensure the harmonisation of European radionavigation services, increase stability to allow industry to plan future investment, as well as increase safety and security (for example with the development of measures to reduce the dependency on GPS). In the international domain, it will draft and negotiate international agreements and coordinate with international organisations in order to ensure compatibility and interoperability with other GNSS systems;
- monitoring of the programmes' implementation. Although the Commission will not be responsible for the operational management of the programmes, it retains the overall responsibility with regard to their smooth progress, and it will be held responsible for any cost overrun or schedule delay. Therefore, it is crucial that the Commission closely monitors the implementation of the programmes by the European Space Agency (for the completion of the deployment phase) and by the European GNSS Agency (for the exploitation phase). Member States and the European Parliament have also put forward very stringent requirements for reporting through the draft GNSS Regulation currently in co-decision. Finally, the Commission will ensure the preparation, presentation and circulation of these reports to the GNSS Committee and the Budgetary Authority in particular;
- managing stakeholder relations by providing up-to-date, positive, coherent and useful information on the status of implementation of EGNOS and Galileo to stakeholders, as well as regular, professional reports for internal and external audiences.