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MEMORANDUM TO THE COMMISSION

Draft Commission Decision amending Decision No 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation

1. INTRODUCTION

In the framework of the Lisbon strategy for growth and jobs, the European Union has taken measures aimed at promoting and developing competitiveness and innovation in order to contribute to growth and to make Europe a more attractive place to invest and work.

These measures include the Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme (CIP) 2007-2013,¹ consisting of the Entrepreneurship and Innovation Programme (EIP), the ICT Policy Support Programme (ICT) and the Intelligent Energy-Europe Programme (IEE). These measures also include the Regulation of the European Parliament and of the Council establishing the Marco Polo II programme (Marco Polo II) 2007-2013.²

Council Regulation (EC) No 58/2003 laying down the statute for executive agencies gives the Commission, assisted by a regulatory committee and subject to certain conditions, the power to use Community bodies with a legal personality (executive agencies) for the purpose of carrying out certain tasks relating to the management of Community programmes, including budget implementation tasks. This enables the Commission to dispose of sufficient technical expertise for the management of such programmes, to focus on its core activities, and to keep better control over the tasks it entrusts to outside bodies.

The Commission has used this possibility by establishing, in 2004, the Intelligent Energy Executive Agency (IEEA) by Commission Decision 2004/20/EC of 23 December 2003, to manage the Community action in the field of energy carried out in the framework of the first Intelligent Energy–Europe programme. The IEEA became fully operational and autonomous in 2005 and will operate according to its existing legal base until 31 December 2008 to manage the open projects under the IEE programme.

The purpose of amending Decision 2004/20/EC is to entrust the “Intelligent Energy Executive Agency” with certain management tasks related to the implementation of the second IEE programme (the successor of the current IEE programme that has been integrated into the CIP), and enlarging its area of activity to include certain management tasks related to the execution of the EIP and certain management tasks related to the Marco Polo programme. In concrete terms this will mean an extension of the duration and size of the executive agency as well as a new name “Executive Agency for Competitiveness and Innovation” in order to reflect the new programmes and tasks entrusted to the agency.

2. COST-BENEFIT ANALYSIS

Two cost-benefit analyses have been carried out by independent consultants to examine, in terms of cost-effectiveness, the different options for the management of certain tasks regarding the implementation of the CIP, on the one hand, and Marco Polo II, on the other hand.

¹ OJ L 310/15, 9.11.2006, p. 15

² OJ L 328, 24.11.2006, p. 1

The cost-benefit analyses have shown that certain programme management tasks related to the implementation of the CIP and the Marco Polo programme could be carried out more efficiently by an executive agency as compared to non-externalised options, while ensuring the overall management of the CIP and the Marco Polo programme by the Commission. Such tasks include budget implementation, the awarding of grants and setting up of public procurement procedures, management of contracts and grant agreements, animation of networks, dissemination of projects' results and facilitation of their exploitation.

In addition, the said analyses have confirmed that entrusting those programme management tasks to the current Intelligent Energy Executive Agency (IEEA), with a larger scope, dimension and duration, would be the most cost-effective option.

The cost-benefit analyses conclude that using the current IEEA is the most appropriate option. It would provide the best way for the Commission to deal with resource constraints and generate savings for the Community budget.

3. COMMISSION CONCLUSIONS CONCERNING THE COST-BENEFIT ANALYSIS

The use of an executive agency would provide added value to the management tasks related to the implementation of the CIP and the Marco Polo programme by improving the capacity to provide the required technical and financial expertise and by allowing economies of scale to be made through greater specialisation. This would help to improve the quality of the service provided to the final user. Proximity to the final beneficiaries would also be increased as the executive agency can be identified as a single point of contact. This also improves the visibility of the Commission as a promoter of the activities concerned.

The experiences from the IEEA have been very positive and there is a strong consensus that it has, to date, worked well for the IEE which already uses similar intervention mechanisms to those of the EIP and the Marco polo Programme and addresses similar beneficiaries, namely SMEs. For example, the agency has been able to significantly speed up and improve implementation. Better quality and content of programme information, as well as improved access to it has been appreciated by potential beneficiaries and the IEEA has shown that it is able to speed up the processing of payments. Using the current IEEA would have the advantage that it is a structure already in place, with experienced staff and an effective office infrastructure including specialised functions such as personnel management, accounting, audit, etc., which would enable it to begin working on the new programmes much more quickly than other solutions. Increasing the size of the existing agency would further reduce the share of its overheads and hence increase its cost efficiency.

The Marco Polo programme shares common objectives with the CIP and in particular with the IEE. It also addresses the same beneficiaries and uses similar intervention mechanisms. Entrusting programme management tasks related to the implementation of certain parts of the CIP and of Marco Polo to the current IEEA will therefore enhance synergies both within the CIP, as well as between the CIP and Marco Polo. Marco Polo I (2000-2006) and Marco Polo II (2007-2013) projects have the same nature: both programmes are implemented with grants to commercial undertakings with the objective of supporting actions aiming at reducing congestion in the road transport system and pursuing a more environmentally friendly transport system. It is economically sensible to manage all these projects together.

In implementing the EIP, part of the staff of the executive agency will be employed to perform tasks related to the animation of business support networks, adding a new category of tasks separate from the management of projects. Network animation includes tasks related to network management, training, monitoring, communication, quality promotion, improving tools and methods and operating and developing databases and IT tools. These animation

tasks for Euro Info Centres (EIC) and for Innovation Relay Centres (IRC) are currently outsourced via specific service contracts. The use of an executive agency for animation of business support networks will allow the Commission services to focus on core objectives and activities while phasing out the Technical Assistance Offices (TAOs) in line with its policy commitments made in the year 2000. The integration of the EIC and IRC networks into a single support network will enable their management to be streamlined. Integrating the currently separate and outsourced animation functions within an executive agency will lead to efficiency gains not only in the management of the networks but also for the beneficiaries. Delegation to the agency will also have the benefit of increasing continuity and stability by avoiding the risk of changes in the service-provider. Moreover, the use of an executive agency improves the visibility of the Commission as a promoter of these activities.

In so far as the EIP is concerned, integrating the business support network in the executive agency will mean that the operational budget committed per person in the executive agency is lower than in other areas. However, in this case the workload of the executive agency and the budget committed per person are not closely related. Despite commitment peaks in project management payments take place with a stable schedule, including continuous quality monitoring of the services provided to SMEs. The network animation tasks as described above go beyond the normal notion of project management and are more labour-intensive. These tasks will be carried out permanently throughout the life of the executive agency. Therefore, while from year to year the level of operational budget to be committed per person will vary, the human resource needs of the executive agency will remain constant.

4. ACTIVITIES TO BE DELEGATED TO THE EXECUTIVE AGENCY

4.1. CIP: Entrepreneurship and Innovation Programme (EIP)

The EIP programme consists of a range of different activities. The financial instruments, which represent the largest part of the EIP budget, will be implemented via the European Investment Fund (EIF). The other EIP implementing measures can be grouped into the following categories:

- project management of the future Business Support Network (selected through call for proposals procedure), together with network animation and training;
- studies and other tender procedures;
- innovation and eco-innovation project management (selected through call for proposals procedure).

Based on considerations of legality and efficiency, and as supported by the cost-benefit analysis carried out, the following EIP activities will be delegated to the executive agency:

- Business Support Network: both project management and animation for the whole future network;
- studies and other tender procedures: actions with a similar intervention mechanism and standardised methodology (namely sectoral competitiveness studies);
- innovation actions: activities that have reached a high degree of standardisation and whose implementing methodology is well tested, including the IPR Helpdesk and regional innovation projects (RIS-NAC and IRE activities);
- eco-innovation projects: pilot and market replication projects, with an intervention mechanism close to that of the current LIFE programme (Environment strand).

This means that out of the EIP budget approximately 30% will be externalised to the executive agency, representing a budget of approximately € 600 mio, 50% will be managed by the EIF and 20% will be managed by Commission services. In other words, about 80 % of the EIP budget will be externalised by the Commission, either to the EIF or the executive agency.

4.2. CIP: Intelligent Energy-Europe Programme (IEE)

The IEE programme consists of a range of different activities which can be classified into two groups: promotion and dissemination projects and market replication projects. Those projects can be implemented following calls for proposals, calls for tenders, direct grants or concerted actions. Projects on sustainable energy fall within the SAVE (energy efficiency) Altener (renewable energies), Steer (transport) fields, or a combination of them, as integrated projects.

The tasks to externalise can be grouped in the following categories:

- management and administration, including budget implementation;
- management of full project life cycle, including pre-contract and contract activities for calls for proposals, calls for tender, direct grants and concerted actions in the fields covered in the annual work programmes;
- analysis and provision of data for the Commission relating to areas such as:
 - (a) orientation of the programme's strategy;
 - (b) coordination and synergies with other programmes of the EU, Member States or international organisations;
 - (c) preparation of the programme's annual and mid-term evaluations;
- planning and implementation of information/promotion activities, including dissemination of projects and programme results.

Approximately 95% of the total budget for the 2007-2013 period is to be externalised, representing a budget of approximately € 690 mio. The remaining 5% should serve to fund the implementation of actions of a strategic nature, whose management cannot be externalised. Those percentages are subject to revision according to the conclusions of the mid-term impact assessment exercise to be conducted in 2008.

Concerning the IEE Programme, the agency will also manage all the phases of the lifetime of the open projects, until they are closed, from the preceding programme.

4.3. Marco Polo Programme

The Marco Polo II programme involves a yearly call for proposals for projects pursuing the objectives of the programme to shift freight transport off the road to other more environment friendly transport modes and to ease congestion. All the tasks related to the day-to-day management of the programme will be externalised, namely:

- launching a yearly call for proposals;
- evaluation of proposals received;
- management of projects selected (planning and implementation of information and promotion activities are part of the programme management activities);
- follow up until closure of the execution of the projects.

- periodic evaluation of the programme results, including recommendations for the strategic orientation of the programmes, coordination and synergies with other programmes of the EU or Member States and preparation of annual and mid-term evaluations.

The Commission will retain however the possibility to control the execution of all the tasks delegated to the agency.

Nearly the whole budget of Marco Polo II will be externalised; only strategic tenders and evaluations remaining with the Commission.

Concerning the Marco Polo I programme (2003-2006), which follows the same approach as Marco Polo II, the agency will also manage all the phases of the lifetime of the open projects, until they are closed.

5. SIZE OF THE EXECUTIVE AGENCY

Entrusted with the activities as described above, the current Intelligent Energy Executive Agency which employs a staff of 46 will grow in size to a staff of approximately 150. Such an increase in the size of the agency will reduce the proportionate overheads and thus lead to increased cost efficiency.

6. CONCLUSIONS

Cost-benefit analyses carried out by independent consultants confirmed that using the IEEA with a larger scope, dimension and duration, would be the most cost-effective option. The experiences from the IEEA have been very positive and the use of an executive agency would provide added value to the management tasks related to the implementation of the IEE, the EIP and the Marco Polo programmes.

It is therefore proposed that the Commission entrusts the current Intelligent Energy Executive Agency (IEEA) with certain management tasks related to the implementation of the second IEE programme, and to enlarge its area of activity with certain management tasks related to the execution of the EIP programme and Marco Polo I and II, through amending Commission Decision 2004/20/EC.