



Annual Activity Report 2020

Annexes

DG Defence industry and Space

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ANNEX 1: Statement of the Head of Unit in charge of Risk Management and Internal Control

“I declare that in accordance with the Commission’s communication on the internal control framework¹, I have reported my advice and recommendations on the overall state of internal control in the DG/Executive Agency to the Director-General/Executive Director.

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.”

Brussels, 31 march 2021

e-Signed

Christine Bernot

Head of Unit Financial management and Internal Control coordinator of DG DEFIS

¹ C(2017)2373 of 19.04.2017.

ANNEX 2: Performance tables

General objective 1: A European Green Deal				
Impact indicator 1: Greenhouse gas emissions				
Source of the data: European Environmental Agency (Eurostat online datacode: sdg_13_10)				
Baseline (2017)	Interim Milestone (2020)		Target (2030)	Latest known results (2019)
		(year)		
-20.7%	-20%	...	-55% of net GHG emissions	-24%
Impact indicator 2: Climate mainstreaming in the European Union budget				
Source of the data: European Commission Draft Budget Reports				
Baseline (2019)	Interim Milestone (2022)		Target (2024)	Latest known results (2020)
		(year)		
21%	30%	...	30%	21%
Specific objective 1.1 Reliable data and services of the EU Space Programme are cornerstones for the monitoring of, and transition to climate-neutrality and ecological sustainability				Related to spending programme(s): EU Space Programmes (Copernicus, Galileo and EGNOS)
Result indicator: Number of users of the Copernicus Climate Change Service				
Source of data: ECMWF, https://climate.copernicus.eu/				
Baseline (2019) ²	Interim Milestone (2022)		Target (2024)	Latest known results (2020)
		(year)		
			The number of users is growing at a very fast rate. Daily up-to-date status can be followed here (end of the page): https://climate.copernicus.eu/	

² The Copernicus Climate Change Service started operations in June 2018. The baseline is based on the number of registered users available by 2019.

			The indicated number corresponds to 'registered' users of the Copernicus climate change service	
28 000	70 000	...	80 000	60.000
Output indicator: Number of EGNOS-based precision approach procedures published (both APV-I and LPV-200) ³				
Source of data: European Satellite Services Provider				
Baseline (2020) ⁴	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
562	Increase	...	1 150 Figure approx. corresponds to the total number of instrumental runway ends in EU Member States, including in Norway and Switzerland	690
External communication actions				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Organisation of ecosystem workshops on the role of EU Space Programme for the Green deal	- Number of events organised - Number of participants	- 4 workshops - 1.000 participants	3 workshops 1.137 participants	
Organisation of a	- Number of	- 2.000	Twitter:	

³ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

⁴ Please note that the baseline value for some DEFIS indicators which have their legal base under the [draft] EU Space Regulation and European Defence Fund proposals or which were set out in the DEFIS Strategic Plan (2020-2024) with the creation of the DG DEFIS in January 2020, is set at 2020. In such cases, the earliest known values from year 2020 are set as the baselines and the latest available results by 2020 are reported, by end of 2020. Whereas, indicators which were developed under the previous MFFs and under existing programmes which are now part of the DEFIS portfolio's, may present baseline values which started earlier than in 2020.

Green Month Campaign promoting the benefits of EU Space data	engagements through social media channels	-	engagements	3.376 engagements and 1.662.026 impressions
Create an online platform to promote the use of Space data for a Green Recovery in the post-Covid19 context	- Number of visits	-	5.000 visits	Online platform: https://www.copernicus.eu/en/coronavirus 15.904 visits
Promotion of the benefits of EU Space data in international fora	- Number of events - Number of participants	-	5 events 5.000 participants	CEOS (140 participants) COP (cancelled) GEO Plenary EU green week (117 participants) R&I cities
Develop a set of factsheets on EU Space contribution to the respective UN Sustainable Development Goals	- Number of materials developed - Number of consultation of the set of materials	-	10 new thematic factsheets 10.000 views of this new set	- 8 new thematic factsheets - Apprx.1.000 views/factsheet

Other important outputs

Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Annual European State of the Climate Report	Adoption by the Commission	April 2020	Published in April: https://climate.copernicus.eu/ESOTC/2019 The annual European State of the Climate Report showed that 2019 was the warmest year on record for Europe, with all global climate indicators in line with the trend of recent decades, with greenhouse gases continuing to increase, while

			glaciers and ice sheets are losing mass, further contributing to sea level rise.
Contribute to the project “Destination Earth” by DG CNECT	Establish in a working document the relation between Copernicus and Destination Earth project	December 2020	Preparations for the cooperation between Copernicus (DG DEFIS) and the Digital Twins of Destination Earth (DG CNECT) are on track. Final agreement to be signed in 2021.
EU Space environmental footprint analysis	Final report of the study	November 2020	The study assessed the EU Space Programme in the light of the EU’s strategy for a climate-neutral goal. The study investigated the environmental impacts of the EU Space Programme activities and provided a list of recommendations to reduce these impacts as far as feasible, and further contribute to a carbon neutral economy. Based on the results of the study, in 2021 the Commission services will start to implement the recommendations proposed, ranging from defining project management

			<p>procedures to data collection at the EU Space programme, to promoting the implementation of sustainable practices within the European space sector. The goal is to improve EU Space programme environmental footprint and to help the European space industry to contribute to the achievement of the Green Deal objectives.</p> <p>The study was concluded on 31 October 2020.</p>
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General objective 2 : A Europe fit for the digital age				
Impact indicator 1: Public EU and EU Member States investments in space [indicator is in GO an economy that works for people, but asked to move it to digital, since space is under GO digital]				
Source of the data: Euroconsult report 2020 Government Space Programs Benchmarks, Profiles and Forecasts to 2029				
Baseline (2018)	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
EUR 10 941 million	increase	...	increase	EUR 10 006 million ⁵
Impact indicator 2: Uptake of space products from the European Space Programme ⁶				

⁵ Figures from 4 EU Member States (Croatia, Cyprus, Malta, Latvia) are not included and were not made available in the source study

⁶ EU28 data. EU27 data not available.

This indicator is measured in two parts: (1) the percentage of the EU population that have a Galileo enabled device and (2) the number of registered users downloading Copernicus data and information.

Source of the data: European Global Navigation Satellite Systems Agency; European Space Agency; European Organisation for the Exploitation of Meteorological Satellites; Copernicus Service entrusted entities

Baseline (2019)	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
Share of population with Galileo enabled device: 35% ⁷ (estimate)	increase	...	increase	45%
Number of registered users downloading Copernicus data and information: 300 000 ⁸	increase		increase	400 000

Specific objective 2.1: Modern and well-functioning EU space-enabled services to support the Union's priorities	EU Space Programmes (Copernicus, Galileo and EGNOS)
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Output indicator: Reliability, availability and continuity, of Copernicus Services and data stream⁹

Source of data: European Space Agency

Baseline (2019)	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
			less than 44 hours of interruption per month of each Sentinel mission constellation operated by ESA	

⁷ EU 27 data.

⁸ Worldwide users registered on European Copernicus data access portals

⁹ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

			(corresponding to 94% availability)	
Availability ¹⁰ : 94%		...	94% (tbc)	over 98% availability reached
Reliability ¹¹ (tbc)				tbc
Continuity ¹² : (tbc)				tbc
Result indicator: Availability, accuracy, and continuity of services provided by Galileo and EGNOS separately ¹³				
Source of data: Galileo and EGNOS Programmes				
Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
Galileo availability: 77%	...		Galileo availability: 99.5%	98.60% for E1/E5a in (Sept. 2020)
Galileo accuracy: <ul style="list-style-type: none"> Horizontal positioning accuracy <= 7.5m (95%), Vertical positioning accuracy <= 15m (95%) 	...		Galileo accuracy: <ul style="list-style-type: none"> Horizontal positioning accuracy <= 4m Vertical positioning accuracy <= 8m 	Horizontal accuracy = 1.80m (95%) Vertical accuracy = 3.13m (95%) (Sept. 2020)
Galileo continuity: Not presently defined	...		Galileo continuity: Will be defined in the applicable issue of the OS SDD	No figure for continuity has yet been defined
EGNOS	...		EGNOS availability:	

¹⁰ Availability in percentage of time that Copernicus Information and Data products are accessible (tbc)

¹¹ Reliability in percentage of Copernicus Information and Data products generated that are non-conformant to the Technical Specification (tbc)

¹² Continuity in One minus percentage of Copernicus Information and Data deliveries for which the delay in becoming accessible exceeds the periodicity of that Copernicus Information and Data (tbc)

¹³ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

<p>availability:</p> <ul style="list-style-type: none"> • APV-I¹⁴: Over 99% of the EU territories with more than 99% of availability. • LPV-200¹⁵: over 90% of the EU territories with more than 99% of availability 			<ul style="list-style-type: none"> • APV-I: Over 99% of the EU territories with more than 99% of availability. • LPV-200: over 95% of the EU territories with more than 99% of availability. 	<p>APV-I: 98% of the EU territories with more than 99% of availability.</p> <p>LPV-200: over 90% of the EU territories with more than 99% of availability</p>
<p>EGNOS accuracy: Horizontal (95%): 2 m, Vertical (95%): 3 m</p>	<p>...</p>		<p>EGNOS accuracy: Horizontal (95%): 1.5 m, Vertical (95%): 2.5 m</p>	<p>EGNOS accuracy: Horizontal (95%): 2 m, Vertical (95%): 3 m</p>
<p>EGNOS continuity:</p> <ul style="list-style-type: none"> • APV-I: over 90% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec. • LPV-200: over 80% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec. 	<p>...</p>		<p>EGNOS continuity:</p> <ul style="list-style-type: none"> • APV-I: over 95% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec. • LPV-200: over 85% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec. 	<p>APV-I: over 90% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec.</p> <p>LPV-200: over 80% of the EU territories with better continuity than $5 \cdot 10^{-4}$ / 15 sec.</p>

¹⁴ APV-I = Approach procedure with vertical guidance, category 1.

¹⁵ LPV-200: Localizer Performance with Vertical guidance to a decision altitude of 200ft

Result indicator: Availability of GOVSATCOM services ¹⁶				
Source of data: EUSPA annual market report on GOVSATCOM				
Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (2020)
	(2022)	(year)		
None. Testing phase, not yet fully operational		...	Number of countries participating: 27 Capacity requested: TBD	None. Testing phase, not yet fully operational
New policy initiatives				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Commission implementing act on Galileo second generation	Adoption by the Commission	December 2020	Adoption on 17 December 2020 - C(2020) 8968 The adoption of the Galileo second generation implementing act will allow the Galileo programme to proceed from first to the second generation satellites and associated systems, starting with the procurement of the first batch of satellites for G2G, and development and validation of all the necessary technologies.	
External communication actions				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	

¹⁶ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

Creation, animation and promotion of the RACE Platform, including press announcement	Number of visitors Media coverage	- 5.000 visits - 250 mentions in media	- Platform: 107.300 visits from 25 June 2020 to end of 2020 - Press conference: 566 online participants - D-Day Twitter: 13.077 impressions, 142 engagements, 29 European media articles
Creation and animation of a dedicated webpage on EU Space contribution to coronavirus	Number of visits	- 5.000 visits	15 views* <i>*Europa analytics only began early December 2020</i> https://ec.europa.eu/defence-industry-space/supporting-european-green-deal_en
Promotion of the potential of EU Space data at tech events	Number of events Number of participants	- 3 events - 2.000 participants	1 event (Intergeo 2020) 12.000 participants (from 133 countries)
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Contribute with the JRC to the setting up of a Knowledge Centre for Earth Observation purposes	Official launch	December 2020	Preparatory works and consultations with Commission DGs took place for ensuring a wide uptake of Copernicus services. Two Commission-wide consultations with user-DGs were conducted in June and in December

			2020. The official launch of Knowledge Centre for Earth Observation is planned in April 2021.
Commission Implementing Decision on GNSS Work programme 2020	Adoption by the Commission	July 2020	Adopted on 7 July 2020 C(2020) 4429
Application for patent protection of invention to protect GNSS receivers from spoofing attacks- Decision by delegation	Adoption by the Commission	December 2020	Internal Commission Decision adopted on 23 June 2020
Preparation and negotiations on the FFPA and the contribution agreements and preparation and approval of the Commission implementing acts as foreseen in the EU space regulation	Adoption by the Commission	<ul style="list-style-type: none"> - September 2020: Negotiations - December 2020: Adoption of agreements - Q1 2020: Adoption of implementing decisions 	Preparation and negotiation of the FFPA and Commission-EUSPA and Commission-ESA Contribution Agreements are ongoing in relation to the setting of general terms and conditions and defining the entrusted tasks and applicable Technical Annexes.
Preparation of new contribution agreements with entrusted entities for the implementation of Copernicus in the 2021-2027 period	Endorsement by the competent management committees	2021	Preparations are on track. Negotiations with entrusted entities are ongoing with final signature foreseen once the EU Space Regulation is adopted in 2021.
Organisation of expert groups meetings to facilitate the preparatory work for	Number of meetings	December 2020	9 meetings were held with Member States in 2020 to discuss, prepare and

<p>the implementation of the EU Space Programme. The expert groups will be dissolved once the future EU Space Regulation enters into force allowing the creation of the Space Programme Committee foreseen in the new Regulation (8 meetings).</p>			<p>provide regular updates on:</p> <ul style="list-style-type: none"> • The Financial Framework Partnership Agreement and contribution agreements foreseen in the draft EU Space Regulation (article 31A) • Present regular status report on: <ul style="list-style-type: none"> • Galileo/EGNOS • SSA & GOVSATCOM • Copernicus
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<p>Specific objective 2.2 : EU Space Programme maximises socio-economic benefits</p>	<p>EU Space Programmes (Copernicus, Galileo and EGNOS)</p>
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Impact indicator: Market share of the European companies in the overall global GNSS market (for receivers)¹⁷

Source of data: European GNSS Agency, Market report

Baseline (2017)	Interim Milestone		Target (2024)	Latest known results (2017)
	(2021)	(year)		
27%	28%	...	29%	27%

Impact indicator: Share of SMEs established in the EU as a proportion of the total value of the contracts relating to the Space Programme¹⁸

Source of data: DG DEFIS, GSA, ESA accounting departments

Baseline (2021)	Interim Milestone		Target (2024)	Latest known results
	(2022)	(year)		

¹⁷ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

¹⁸ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

				(2020)
TBD	10% increase with respect to 2019	...	8% increase with respect to 2022	Info only available as from 2021
Result indicator: Number of start-ups supported by EU space programmes, including CASSINI initiative and R&D actions				
Source of data: Contractors organising the activities and participating partners				
Baseline (2020)	Interim Milestone (2022)		Target (2024)	Latest known results (2020)
		(year)	The target was set by estimating the impact of the upcoming actions for startup and scaleup companies under CASSINI, notably CASSINI Business Accelerator, CASSINI Matchmaking, CASSINI Prizes and CASSINI Seed and Growth Funding Facility	
0	22	...	60	N/A (initiative not yet started)
New policy initiatives				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Commission Implementing Decision on a standardisation request to the European Telecommunications Standards Institute as regards hand-held mobile phones (smartphones)	Adoption by the Commission	September 2020	The Commission Implementing Decision was adopted on 2 October C(2020) 6628	
External communication actions				

Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Co-organisation of the European Space Week 2020 under the German Presidency	Number of participants Media coverage	- 800 participants - 20 mentions in media	3500 participants 52 hours of broadcast, 253.450 views, 50 media mentions Twitter: 3.670 engagements.
Creation of a dedicated website on Europa on DG DEFIS contribution to 'A Europe fit for the digital age'	Number of visits	2.500 visits	10 views* <i>*Europa analytics only began early December 2020</i> https://ec.europa.eu/defence-industry-space/supporting-europe-fit-digital-age_en

Other important outputs

Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Cooperation arrangements/ agreements with international partners	Number of signed arrangements	December 2020	The conclusion of a significant number of Administrative Arrangements/ Cooperation Agreements** are on hold largely because of the pandemic – namely with Argentina, Canada, Columbia**, Indonesia, Japan, Vietnam, Bangladesh, Panama, Thailand, Holy See, the Philippines, United Nations

			Environment Programme (UNEP), Food and Agriculture Organisation (FAO), and the World Meteorological Organization (WMO)
Global space diplomacy action	<ul style="list-style-type: none"> - Number of events organised - number of audiences reached 	December 2020	Various administrative elements concerning the Global Action were concluded in conjunction with FPI throughout 2020.
Initiatives in support of the international community for the COVID – 19 pandemic	Number of international events with speakers on Copernicus data and products in support of the COVID-19 pandemic	December 2020	<p>Various Commission colleagues attended the following four events:</p> <p>Committee of Earth Observation Satellites Plenary 2020 – Indian Space Agency (ISRO)</p> <p>Group on Earth Observation Workshop 2020 – GEO Secretariat</p> <p>GEO Health Community of practice event – GEO Secretariat</p> <p>Space Health Symposium – Ad Astra vita project - Australia</p> <p>ECMWF were also in attendance.</p>

General objective 4: Stronger Europe in the world				
Output indicator 1: Value of research and development actions funded by the European Defence Fund ¹⁹				
Source of the data: European Commission				
Baseline ²⁰ (2019)	Interim Milestone		Target (2024) The baseline gives the value of research and development actions co-funded by precursor programmes, the European defence industrial development programme and the Preparatory action on defence research.	Latest known results (2020)
	(2022)	(year)		
EUR 302 million ²¹	increase	...	increase	EUR 302 million ²²
Specific objective 4.1: Fostered innovation capacity and competitiveness of the European defence industry and strengthened EU defence supply chains due to increased cross-border R&D cooperation involving in particular SMEs and mid-caps			Related to spending programme(s) European Defence Industrial Development Programme (EDIDP), EU Space Programmes (Copernicus, Galileo and EGNOS)	
Output indicator: Legal entities involved in EDF ^{23, 24}				

¹⁹ This indicator is also be reported under the Programme Statement for the European Defence Fund, as part of the annual draft general budget of the European Union

²⁰ The baseline gives the value of research and development actions co-funded by precursor programmes, the European defence industrial development programme and the Preparatory action on defence research.

²¹ The baseline is subject to future revisions since the estimation is based on proposals selected for funding and does not include data for all grant agreements that have not yet been signed at the time of reporting.

²² EDF grant agreements will be the data source for this impact indicator. Data will be available by 2022 when the first grants are expected to be signed.

Source of data: European Commission				
Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (year)
	(2022)	(year)		
0	increase	...	increase	N/A
Result indicator: Proportion of budget of EDF dedicated to disruptive technologies				
Source of data: European Commission				
Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (year)
	(2022)	(year)		
0	4%	...	6%	N/A
Output indicator: Share of EDF contracts awarded involving collaboration with to cross-border SME and mid-caps ²⁵				
Source of data: European Commission				
Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (year)
	(2022)	(year)		
0	increase	...	increase	N/A
External communication actions				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Creation of a dedicated website on Europa on DG DEFIS contribution to 'A Stronger Europe in the World'	Number of visits	2.500 visits	no data available* <i>*Europa analytics only began early December 2020</i> https://ec.europa.eu/defence-industry-space/stronger-	

²³ This indicator does not reflect on the outcome of the two ongoing precursor programmes PADR and EDIDP, supporting defence research and capability development, on which the EDF is based. The EU supported 267 legal entities through PADR and EDIDP by 2020.

²⁴ This indicator is also be reported under the Programme Statement for the European Defence Fund, as part of the annual draft general budget of the European Union

²⁵ This indicator is also be reported under the Programme Statement for the European Defence Fund, as part of the annual draft general budget of the European Union

			europe-world_en
Increase awareness of the achievements of PADR and EDIDP, as precursors of EDF	Media coverage	<ul style="list-style-type: none"> - 50 mentions - 500.000 engagements on social media channels 	<p>PADR & EDIDP Twitter: 127.999 impressions, 2.727 engagements</p> <p>European Network of Defence-related Regions (ENDR) Twitter: 10.807 views, 287 engagements</p>
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
EDIDP 2019 competitive calls - award decision - Commission Implementing Decision	Adoption by the Commission	June 2020	The Commission Implementing Decisions C(2020) 4067 and C(2020) 4068 were adopted on 15 June 2021
EDIDP 2019 direct award - award decision - Commission Implementing Decision	Adoption by the Commission	December 2020	<p>The direct awards were made based on Article 15(1) of the Regulation (EU) 2018/1092 and specified in the Implementing Decision C(2019) 2205 of 19 March 2019.</p> <p>The contribution agreements with OCCAR for the MALE RPAS and ESSOR projects were signed on 17 November 2020.</p> <p>Adoption by the Commission of the award decision and signature of the</p>

			grant agreements is due before end of 2021.
PADR 2019 award decision delegated to the authorising officer	Adoption by the Commission	June 2020	Out of 18 research projects funded, 3 are directly managed by the Commission and 15 are managed under a delegation agreement by the European Defence Agency (EDA)
Issue second implementation report on the Action Plan on Military Mobility (Joint Report DEFIS/EEAS/MOVE)	Adoption by the Commission	July 2020	<p>Adopted on 19/10/2020 JOIN(2020)16</p> <p>Since the first Progress Report, the implementation of the Action Plan continues with concrete and tangible results, namely the update of the Military Requirements, the update of the gap analysis, the agreement of the dual-use requirements as well as the adoption of the EU form 302 to streamline and simplify customs processes and the Directive ensuring equal treatment of defence efforts under NATO and under the EU framework from the fiscal perspective. The next Progress Report will be presented by the High Representative</p>

			and the Commission by the end of summer 2021.
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General objective 5: Promoting our European way of life

Impact indicator 1: Victims of terrorist attacks
Source of the data: [The Europol Te-Sat report](#)

Baseline (2017)	Interim Milestone		Target (2024)	Latest known results (2019)
	(2022)	(year)		
32 people died as a result of terrorist attacks 157 people were injured	Decrease	...	decrease	10 people died as a result of terrorist attacks in the EU 27 people were injured

Specific objective 5.1:

Security actors have access to EU autonomous tools, space-enabled services, and technologies, needed to build resilience to security threats, safety hazards and crisis situations

Related to spending programme(s)
 EU Space Programmes (Copernicus, Galileo and EGNOS),
 Horizon 2020/Europe
 European Defence Fund (EDF)

Result indicator: Number of operational safety and security (including dual-use) related services from the EU Space Programmes
Source of data: DG DEFIS, EU Space Programmes

Baseline (2020)	Interim Milestone		Target (2024)	Latest known results (year)
	(2022)	(year)		
• EGNOS Safety of Life (SoL)	• GALILEO Public Regulated	...	• GALILEO Public Regulated Service (PRS)	• GALILEO Public Regulate

<ul style="list-style-type: none"> service GALILEO Search and Rescue (SAR) service Copernicus security service^{26/} emergency service Space Surveillance and Tracking (SST) 	<ul style="list-style-type: none"> Service (PRS) EGNOS Safety of Life (SoL) service GALILEO Search and Rescue (SAR) service Copernicus security service/emergency service Space Surveillance and Tracking (SST) 		<ul style="list-style-type: none"> EGNOS Safety of Life (SoL) service GALILEO Search and Rescue (SAR) service Copernicus security service/emergency service Space Surveillance and Tracking (SST)Space Weather (SWE) Near Earth Objects (NEO) GOVSATCOM (Governmental Satellite Communications) 	<ul style="list-style-type: none"> d Service (PRS) EGNOS Safety of Life (SoL) service GALILEO Search and Rescue (SAR) service (with return link feature since 2020) Copernicus security service/emergency service Space Surveillance and Tracking (SST)
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Result indicator: EU Funding for critical technologies for European strategic autonomy in aerospace and defence

Source of data: DG DEFIS Programmes

Baseline (2014-2020)	Interim Milestone		Target (2024)	Latest known results (2020)
	(year)	(year)		
EUR 105 M ²⁷	TBC	EUR 16,7 M

²⁶ (1) Copernicus Maritime Surveillance Service, (2) Copernicus Border Surveillance Service, (3) Copernicus Support to EU External Actions

²⁷ The indicator measures the level of funding allocated from Horizon 2020/Europe to the calls dedicated to critical space technologies as defined in the critical space technologies list established by the joint task force (JTF) of the European Commission, ESA and EDA. The JTF list provides critical technologies, at component or

				(space – related activities)
Output indicator: Number of EU launches for the Space Programme (including numbers by type of launchers) ²⁸				
Source of data: DG DEFIS, EU Space Programmes				
Baseline (2022)	Interim Milestone		Target (2024)	Latest known results (year)
	(2023)	(year)		
3 (A6/Soyuz, Galileo)	4 (A6)	...	TBC	TBC
New policy initiatives				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Proposal for a European initiative on the use of Galileo in Critical Infrastructures that depend on satellite navigation for timing and synchronisation	Finalisation of the impact assessment	December 2020	A public consultation and a study to support the SWD of the Commission were completed. The IA to be finalised in 2021.	
Standardisation of drones intended for use under the rules of the 'Open' category of operations - Commission Implementing Decision	Adoption by the Commission	July 2020	Adopted on 11 September 2020 C(2020) 6148	
Public consultations				
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)	
Call for ideas on	Number of	March 2020	30	

equipment level, that are not available from a European source and for which the unrestricted availability from non-European suppliers cannot be assured. Additional funding for the development of technologies in the JTF list should lead to wider availability of such critical technologies for the EU aerospace and defence systems and accordingly to the European strategic non-dependence.

²⁸ This indicator is also be reported under the Programme Statement for the EU Space Programme, as part of the annual draft general budget of the European Union

quantum technologies ²⁹	submissions		An open call for ideas was launched to identify critical areas of R&I for which an EU investment is needed to allow non-dependency in the field of quantum technologies for space-based systems.
External communication actions			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Press announcement start of Galileo SAR return link	Number of views/impressions on social media	January 2020	Twitter: 139.800 impressions on @SARgalileo in January 2020
Creation of a DG DEFIS dedicated website on Europa on DG DEFIS contribution to 'Promoting our European way of life'	Number of visits	2.500 visits	Will be developed in 2021
Increase awareness and promote the new EU Space Programme components SSA and GOVSATCOM	Media coverage	Q4 2020	Twitter: 117.361 impressions, 1.935 engagements
Promotion of Sentinel-6A launch focusing on the benefits of related applications for individuals	Media coverage	November 2020	S-6 Launch: 68 European articles; Twitter: 478.126 impressions, 6.676 engagements

²⁹ https://ec.europa.eu/growth/content/call-ideas-recommendations-research-and-innovation-topics-quantum-technologies-space-based_en

			Press conference (first images): 1.200 live participants Twitter: 1.672 impressions, 127.751 engagements
Promotion of Copernicus EMS activation and Galileo SAR stories	Media coverage	S2 2020	EMS activation: 383.131 impressions, 19.710 engagements SAR Stories: 712.000 impressions on @SARgalileo
Other important outputs			
Output description	Indicator	Target	Latest known results (situation on 31/12/2020)
Negotiations with Arianespace on the framework programme for launchers	Adoption by the Commission (conclusion of the framework contract)	Q1 2021	Official negotiations with Arianespace and the signing of a framework contract depend on the entry into force of the new EU Space Regulation and the adoption of the financing decision for the 2021 EU Space Work Programme.
Budget implementation of GOVSATCOM Preparatory Action (EUR 10 million)	Contribution Agreement concluded with GSA	Q2 2020	Contribution agreement concluded with GSA in April 2020.
Annual report on the implementation of the 2016 Framework and 2018 Communication on countering hybrid threats. Staff Working	Staff Working Document	July 2020	Published on 23 July 2020 SWD(2020)153

Document (Joint DEFIS/EEAS)			
Mapping of countering hybrid threats measures at EU level (Joint DEFIS/EEAS)	Staff Working Document	July 2020	Published on 23 July 2020 SWD(2020)152

Annex 3 Financial Reports - DG DEFIS - Financial Year 2020

Table 1 : Commitments

Table 2 : Payments

Table 3 : Commitments to be settled

Table 4 : Balance Sheet

Table 5 : Statement of Financial Performance

Table 5 Bis: Off Balance Sheet

Table 6 : Average Payment Times

Table 7 : Income

Table 8 : Recovery of undue Payments

Table 9 : Ageing Balance of Recovery Orders

Table 10 : Waivers of Recovery Orders

Table 11 : Negotiated Procedures

Table 12 : Summary of Procedures

Table 13 : Building Contracts

Table 14 : Contracts declared Secret

Table 15 : FPA duration exceeds 4 years

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2020 (in Mio €) for DG DEFIS					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 02 Internal market, industry, entrepreneurship and SMEs					
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	5.95	5.13	86.10 %
	02 02	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	0.29	0.29	100.00 %
	02 03	Internal market for goods and services	1.00	1.00	100.00 %
	02 04	Horizon 2020 - Research relating to enterprises	65.96	55.42	84.02 %
	02 05	European satellite navigation programmes (EGNOS and Galileo)	1,361.24	1,345.76	98.86 %
	02 06	European Earth observation programme	633.70	633.35	99.94 %
	02 07	European Defence Industrial Development Programme (EDIDP)	254.56	254.56	100.00 %
Total Title 02			2,322.70	2,295.50	98.83 %
Title 07 Environment					
07	07 02	Environmental policy at Union and international level	1.20	1.20	100.00 %
Total Title 07			1.20	1.20	100.00 %
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	5.00	5.00	100.00 %
Total Title 08			5.00	5.00	100.00 %
Title 21 International cooperation and development					
21	21 02	Development Cooperation Instrument (DCI)	0.00	0.00	0.00 %
Total Title 21			0.00	0.00	0.00 %
Title 22 Neighbourhood and enlargement negotiations					
22	22 04	European Neighbourhood Instrument (ENI)	7.95	7.95	100.00 %
Total Title 22			7.95	7.95	100.00 %
Title 34 Climate action					
34	34 02	Climate action at Union and international level	0.00	0.00	0.00 %
Total Title 34			0.00	0.00	0.00 %
Total DG DEFIS			2,336.85	2,309.65	98.84 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

% Outturn on Commitment Appropriations in 2020 for DG DEFIS

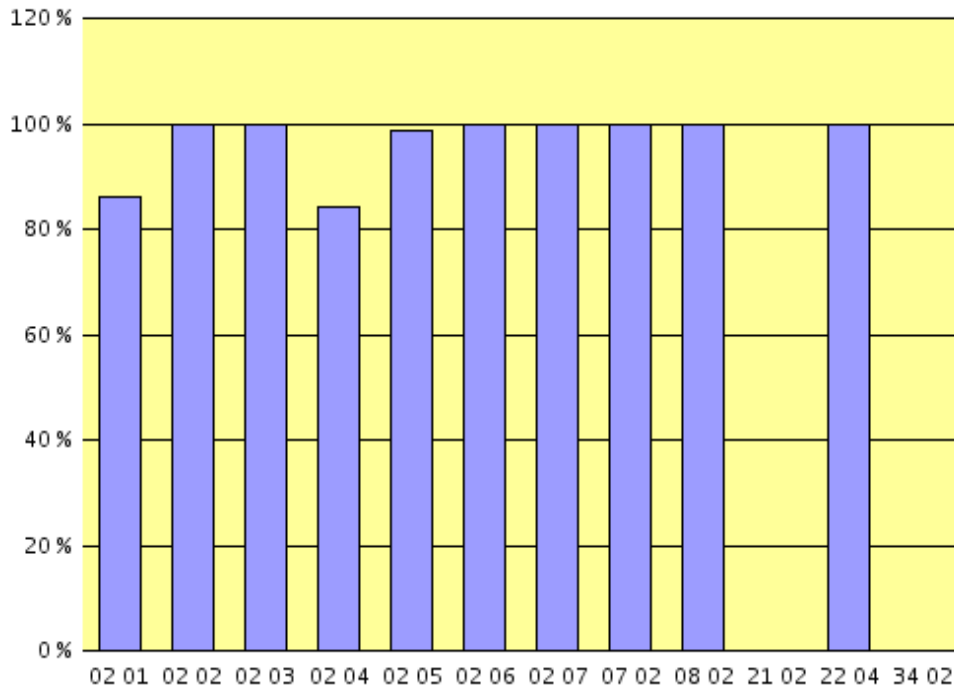


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2020 (in Mio €) for DG DEFIS					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 02 Internal market, industry, entrepreneurship and SMEs					
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	12.44813552	7.07614381	56.85 %
	02 02	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	0.50489105	0.50489105	100.00 %
	02 03	Internal market for goods and services	0.47325	0.47325	100.00 %
	02 04	Horizon 2020 - Research relating to enterprises	110.115558	61.44936973	55.80 %
	02 05	European satellite navigation programmes (EGNOS and Galileo)	1277.577111	1036.503812	81.13 %
	02 06	European Earth observation programme	541.5498896	541.3844744	99.97 %
	02 07	European Defence Industrial Development Programme (EDIDP)	176.1800825	176.1222095	99.97 %
Total Title 02			2118.848918	1823.51415	86.06%
Title 07 Environment					
07	07 02	Environmental policy at Union and international level	0	0	#DIV/0
Total Title 07			0	0	#DIV/0
Title 08 Research and innovation					
08	08 02	Horizon 2020 - Research	0	0	#DIV/0
Total Title 08			0	0	#DIV/0
Title 21 International cooperation and development					
21	21 02	Development Cooperation Instrument (DCI)		0.168634	
Total Title 21				0.168634	
Title 22 Neighbourhood and enlargement negotiations					
22	22 04	European Neighbourhood Instrument (ENI)	0	0	#DIV/0
Total Title 22			0	0	#DIV/0
Total DG DEFIS			2118.848918	1823.682784	86.07 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

% Outturn on Payment Appropriations in 2020 for DG DEFIS

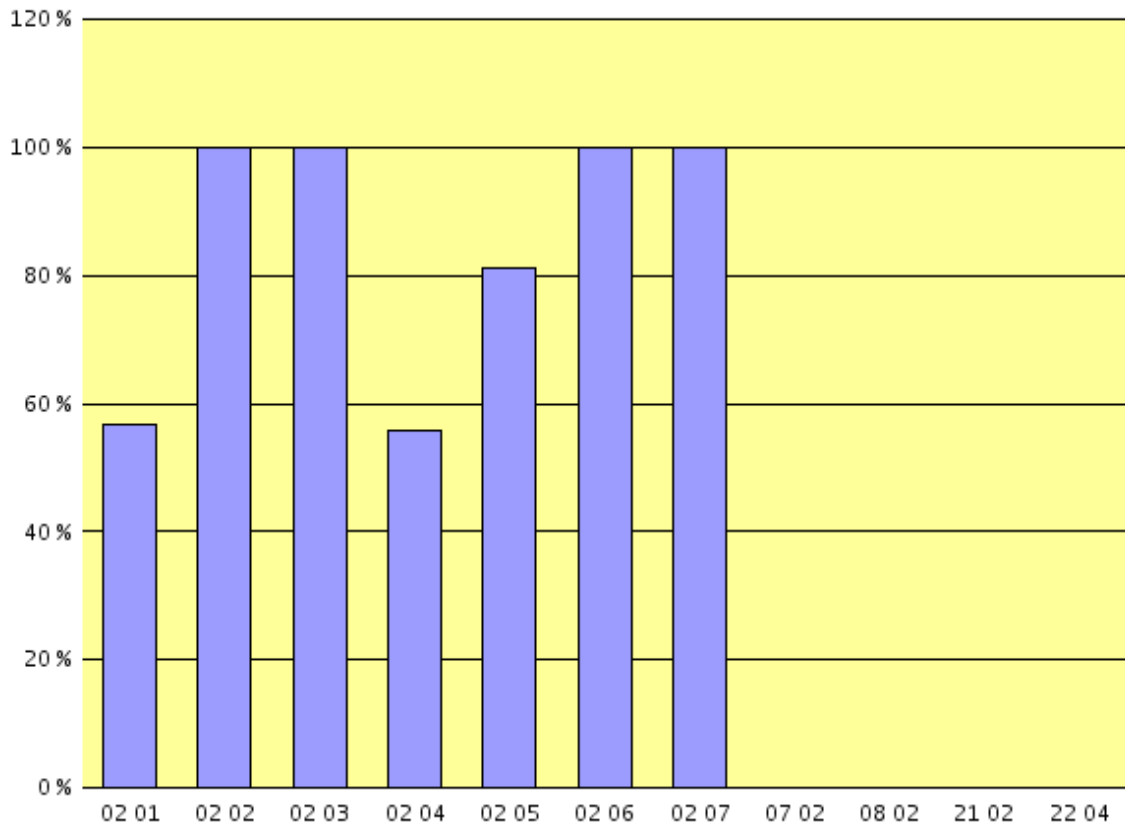


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
02	02 01	Administrative expenditure of the 'Internal market, industry, entrepreneurship and SMEs' policy area	5.42	1.09	4.33	79.97%	0.00	4.33	6.53
	02 02	Competitiveness of enterprises and small and medium-sized enterprises (COSME)	0.34	0.03	0.31	91.13%	0.54	0.84	1.01
	02 03	Internal market for goods and services	1.00	0.00	1.00	100.00%	0.20	1.20	0.57
	02 04	Horizon 2020 - Research relating to enterprises	55.42	14.79	40.63	73.30%	164.34	204.97	211.33
	02 05	European satellite	1,345.76	518.67	827.08	61.46%	437.90	1,264.98	955.78

		navigation programmes (EGNOS and Galileo)							
02	06	European Earth observation programme	632.73	91.00	541.73	85.62%	35.45	577.18	485.83
02	07	European Defence Industrial Development Programme (EDIDP)	254.56	0.00	254.55	100.00%	67.08	321.64	243.20
Total Title 02			2,295.22	625.59	1,669.64	72.74%	705.50	2,375.14	1,904.25

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

		Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019	
Chapter		Commitments	Payments	RAL	% to be settled				
		1	2	3=1-2	4=1-2/1	5	6=3+5	7	
07	07 02	Environmental policy at Union and international level	1.20		1.20	100.00%	0.00	1.20	0.00
Total Title 07		1.20		1.20	100.00%	0.00	1.20	0.00	

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 02	Horizon 2020 - Research	5.00		5.00	100.00%	0.00	5.00	0.00
Total Title 08			5.00		5.00	100.00%	0.00	5.00	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
21	21 02	Development Cooperation Instrument (DCI)	0.00	0.00	0.00	0.00%	0.31	0.31	0.48
Total Title 21			0.00	0.00	0.00	0.00%	0.31	0.31	0.48

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
Chapter			Commitments	Payments	RAL	% to be settled			

			1	2	3=1-2	4=1-2/1	5	6=3+5	7
22	22 04	European Neighbourhood Instrument (ENI)	7.95		7.95	100.00%	0.00	7.95	0.00
Total Title 22			7.95		7.95	100.00%	0.00	7.95	0.00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2020 (in Mio €) for DG DEFIS

			Commitments to be settled				Commitments to be settled from financial years previous to 2019	Total of commitments to be settled at end of financial year 2020	Total of commitments to be settled at end of financial year 2019
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
34	34 02	Climate action at Union and international level	0.00		0.00	0.00%	0.30	0.30	0.30
Total Title 34			0.00		0.00	0.00%	0.30	0.30	0.30

Total for DG DEFIS			2309.37277	625.59	1683.785	72.91 %	706.115004	2389.900205	1905.031461
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Breakdown of Commitments Remaining to be Settled (in Mio EUR) at 31/12/2019 for DG DEFIS

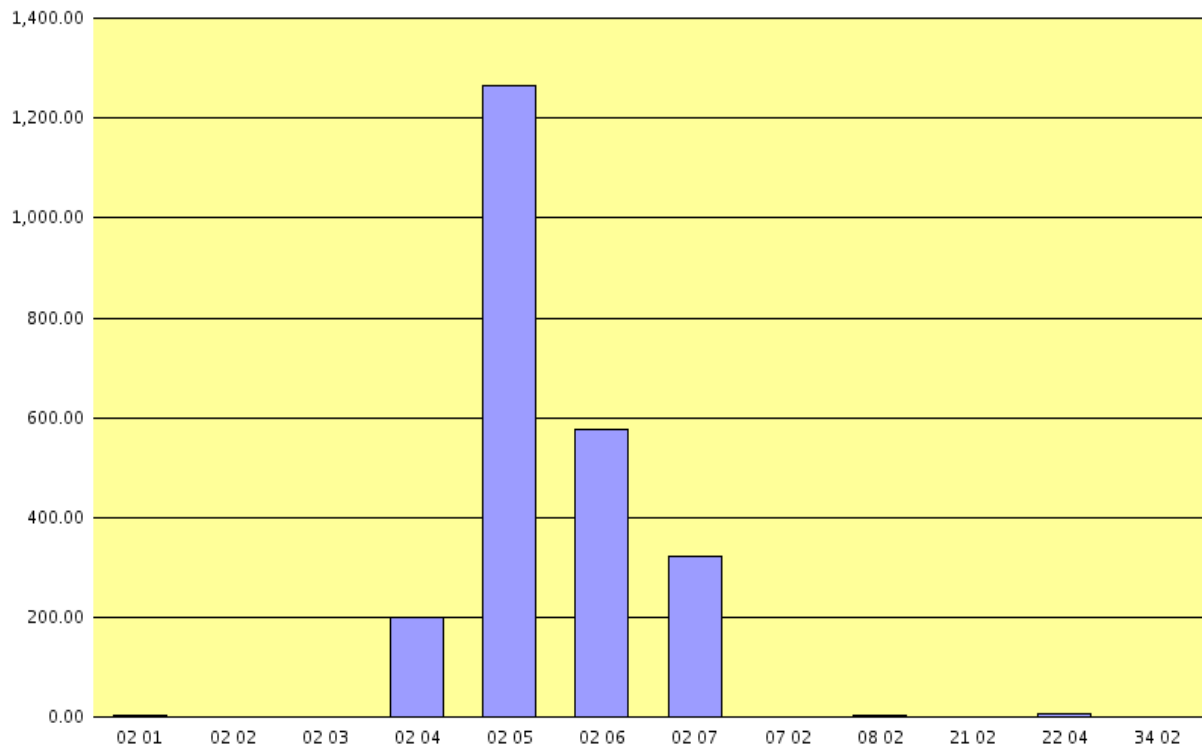


TABLE 4 : BALANCE SHEET for DG DEFIS

BALANCE SHEET	2020	
A.I. NON CURRENT ASSETS	7242446282	
A.I.1. Intangible Assets	3,327,579.12	
A.I.2. Property, Plant and Equipment	7,084,318,689.99	
A.I.5. Non-Current Pre-Financing	154,800,013.31	
A.II. CURRENT ASSETS	1813779457	
A.II.2. Current Pre-Financing	1,813,766,346.50	
A.II.3. Curr Exch Receiv & Non-Ex Recoverable	13,110.46	
ASSETS	9056225739	
P.II. CURRENT LIABILITIES	-12564320.46	
P.II.4. Current Payables	-1,027,921.84	
P.II.5. Current Accrued Charges & Defrd Incom	-11,536,398.62	
LIABILITIES	-12564320.46	
NET ASSETS (ASSETS less LIABILITIES)	9043661419	
P.III.2. Accumulated Surplus/Deficit		
Non-allocated central (surplus)/deficit*	-9,043,661,418.92	
TOTAL DG DEFIS		

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

Explanatory note to the Balance Sheet

A.I. NON CURRENT ASSETS

A.I.2. Property, Plant and Equipment

Following the operational development of the three Space programmes, Galileo, Copernicus and Egnos, the net balance of tangible assets in DG DEFIS increased in 2020 by € 988 million.

The **Galileo** system, being EU's Global Navigation Satellite System (GNSS), reached a gross value of € 5 270 million covering both its space (€ 2 748 million) and ground (€ 2 522 million) segments. The space segment balance can be further split into € 2 278 million related to 26 fully operational satellites and € 470 million of assets under construction. The ground segment which contributes to the Galileo Initial Services is accounted as final fixed assets for € 1 120 million. The remainder of the ground segment (€ 1 402 million) will be transferred from assets under construction to final fixed assets once the Galileo Enhanced Services are declared in the course of 2021.

Regarding **Copernicus**, the European Earth observation programme, in 2020 the gross assets value reached € 4 011 million. Unlike the Galileo programme, the Commission exercises control only over the Copernicus space segment (satellites). This segment assets are accounted in the EU balance sheet while the ground segment assets -managed via service contracts and not under the EU control- are not. 7 satellites were operational at 31.12.2020, thus bringing the gross Copernicus satellites assets related to € 2 117 million. 12 other satellites and various instruments remain under construction (€ 1 893 million). In 2020 part of the Copernicus assets booked by DG DEFIS were not funded by the EU budget. In accordance with standard double entry accounting practices, it led to the recognition of an income of €316 million matching the amount of assets not EU funded. This amount relates to contributions from ESA (the European Space Agency) for the development of Sentinel-4A&B and Sentinel-5A, and contributions from ESA, EUMETSAT and NASA for the development and launch of Sentinel 6 MF.

Finally, the assets related to the **EGNOS** system (European Geostationary Navigation Overlay System) reached in 2020 € 428 million, mainly brought by the development under construction of the future EGNOS Version system (V.2.4.2x + V.3).

The valuation of the Copernicus, Galileo and EGNOS assets is based on the data provided by the European Space Agency (ESA), the European GNSS Agency (GSA), and some limited assets acquired by the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) and the Copernicus Service Agency ECMWF. The calculation of the assets value follows the stages of operational development of the programmes and applied the IPSAS concepts of control of the assets.

A.I.5. Non-current pre-financing

The non-current pre-financing amounts recognised on the balance sheet at 31 December 2020 represent pre-financing for which the costs are expected to be incurred only after 31 December 2021. They relate mainly to advance payment under the Space Delegation Agreements.

0029910100 - PF DMg CD Main Op	104.411.621,44
0029920200 - PF IMg Intrntl Organ	13.855.518,72
0029920500 - PF IMg Public Law Bd	27.877.865,78
0029920400 - PF Indir Mgt EU/PPP	8.655.007,37

TOTAL 154.800.013,31

A.II. CURRENT ASSETS

A.II.2. Current Pre-Financing

The current pre-financing amounts recognised on the balance sheet at 31 December 2020 relate mainly to advance payment under the Space Delegation Agreements.

0040510100 - PF DM CD - oper	71.113.279,01
0040510120 - PF DM CD - admin	214.260,00
0040520200 - PF IM Int.Org.	766.007.208,05
0040520500 - PF IM public bodies	7.122.154,65
0040520600 - PF IM public mssn	11.389.359,53
0040520400 - PF IM ags EU/PPP Oth	957.875.530,49
0040520430 - PF IM-trad.ag Bal Sb	44.554,77
TOTAL	1.813.766.346,50

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG DEFIS

STATEMENT OF FINANCIAL PERFORMANCE	2020	
II.1 REVENUES	-359316200.6	
II.1.1. NON-EXCHANGE REVENUES	-362328264.1	
II.1.1.5. RECOVERY OF EXPENSES	-13,110.46	
II.1.1.7. OTHER NON-EXCHANGE REVENUES	-362,315,153.65	
II.1.2. EXCHANGE REVENUES	3012063.47	
II.1.2.1. FINANCIAL INCOME	-1,898.14	
II.1.2.2. OTHER EXCHANGE REVENUE	3,013,961.61	
II.2. EXPENSES	3143039640	
II.2. EXPENSES	3143039640	
II.2.10. OTHER EXPENSES	640,736,974.56	
II.2.2. EXP IMPL BY COMMISS&EX.AGENC. (DM)	54,642,532.08	
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	1,179,837,780.52	
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	1,169,307,455.12	
II.2.5. EXP IMPL BY OTHER ENTITIES (IM)	98,514,897.67	
STATEMENT OF FINANCIAL PERFORMANCE	2,783,723,439.31	

TABLE 5bis : OFF BALANCE SHEET for DG DEFIS

OFF BALANCE	2020	
OB.1. Contingent Assets	33156644.67	
GR for pre-financing	33,156,644.67	
OB.3. Other Significant Disclosures	0	
OB.3.3.4. Galileo programme	0.00	
OB.3.3.5. GMES programme COPERNICUS	0.00	
OB.4. Balancing Accounts	-1072398395	
OB.4. Balancing Accounts	-1,072,398,394.67	
OFF BALANCE	-1,039,241,750.00	

TABLE 6: AVERAGE PAYMENT TIMES in 2020 for DEFIS

Legal Times							
Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	240	227	94.58 %	16.79295154	13	5.42 %	33.07692308
45	4	4	100.00 %	13.25			
60	52	52	100.00 %	25.32692308			
90	13	13	100.00 %	20.92307692			

Total Number of Payments	309	296	95.79 %		13	4.21 %	
Average Net Payment Time	19.0420712			18.4256757			33.07692308
Average Gross Payment Time	21.03236246			20.5			33.15384615

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	22	28	9.06 %	309	52,324,010.27	2.86 %	1,831,490,338.83

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2020 for DG DEFIS

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	balance
		1	2	3=1+2	4	5	6=4+5	7=3-6
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	540.00	0.00	540.00	540.00	0.00	540.00	0.00
60	CONTRIBUTIONS TO UNION PROGRAMMES	45,480,264.08	0.00	45,480,264.08	45,480,264.08	0.00	45,480,264.08	0.00
66	OTHER CONTRIBUTIONS AND REFUNDS	1,104,503.00	0.00	1,104,503.00	1,091,392.54	0.00	1,091,392.54	13,110.46
Total DG DEFIS		46585307.1	0	46585307.08	46572196.62	0	46572196.6	13110.46

TABLE 8 : RECOVERY OF PAYMENTS in 2020 for DG DEFIS
(Number of Recovery Contexts and corresponding Transaction Amount)

INCOME BUDGET RECOVERY ORDERS ISSUED Year of Origin (commitment)	Irregularity		Total undue payments recovered		Total transactions in recovery context (incl. non-		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2009					2	141786.1		
2011					1	334803.98		
2013	1	13110.46	1	13110.46	2	361922.34	50.00%	3.62%
2015					1	15000		
2016					2	42872.18		
2019					1	207189.17		
No Link					7	45480264.1		
Sub-Total	1	13110.46	1	13110.46	16	46583837.9	6.25%	0.03%

EXPENSES BUDGET	Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl.		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES NON ELIGIBLE IN COST CLAIMS							1	968.91		
CREDIT NOTES	1	1316034			1	1316034.09	2	1,404,575.52	50.00%	93.70%
	2	26659.39			2	26659.39	3	30,944.69	66.67%	86.15%
Sub-Total	3	1342693			3	1342693.48	6	1436489.12	50.00%	93.47%
GRAND TOTAL	4	1355804			4	1355803.94	22	48020326.97	18.18%	2.82%

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2020 for DG DEFIS

	Number at 01/01/2020	Number at 31/12/20	Evolution	Open Amount (Eur) at 01/01/2020	Open Amount (Eur) at 31/12/2020	Evolution
2020		1			13,110.46	
		1			13,110.46	

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2020 for DG DEFIS

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commissio n Decision	Comments

Total DG DEFIS

Number of RO waivers

TABLE 11 :Negotiated Procedures in 2020 for DG DEFIS

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (a) - Follow-up of an open/restricted procedure where no (or no suitable) tenders/requests to participate have been submitted	1	178,500.00
Total	1	178,500.00

TABLE 12 : Summary of Procedures in 2020 for DG DEFIS

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	2	1,253,837.33
Open Procedure (Art. 104(1) (a) FR)	1	370,000.00
Open procedure (FR 164 (1)(a))	6	28,209,422.00
Total	9	29,833,259.33

TABLE 13 : BUILDING CONTRACTS in 2020 for DG DEFIS

Legal Base	Procedure subject	LC/FW?	Contract/FW Number	Contractor Name	Contract/FW Subject	Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2020 for DG DEFIS

Legal Base	Procedure subject	LC Date	Contract Number	Contractor Name	Contract Subject	Amount (€)
Annex 1 - 11.1 (i) - Secret contract or contract requiring special security measures	DEFIS/A3 - 815/PP/GRO/DEF/19/11804 - COMMUNICATION AND INFORMATION SYSTEM AND RELATED SERVICES IN THE CONTEXT OF SUE PROJECT [SECRET-UE]	07/05/2020	SI2.962898	SECUNET INTERNATIONAL GMBH & CO. KG	DEFIS/A3 - SUPPLY OF A COMMUNICATION AND INFORMATION SYSTEM AND RELATED SERVICES IN THE CONTEXT OF SUE PROJECT [SECRET-UE]	1,075,337.33
			1			1,075,337.33

TABLE 15 : FPA duration exceeds 4 years - DG

None of your FPA (if any) exceeds 4 years

TABLE 16 : Commitments co-delegation type 3 in 2020 for DG DEFIS

None

ANNEX 4: Financial Scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2020, 6 standard financial indicators are presented below, each with its objective, category, definition, and result for the Commission service and for the EC as a whole (for benchmarking purposes)³⁰:

- Commitment Appropriations (CA) Implementation
- CA Forecast Implementation
- Payment Appropriations (PA) Implementation
- PA Forecast Implementation
- Global Commitment Absorption
- Timely Payments

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:


- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

³⁰ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

Indicator	<u>CA Implementation</u>
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of commitment appropriations
Result	<p>DG DEFIS achieved 100% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 100%</p>
Comment	
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Credit Accepted Com Amount (Eur) <p>Scope:</p> <p>Commitments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TF5, TFC)

Indicator	<u>PA Implementation</u>
Category	Efficiency Controls / Budget
Objective	Ensure efficient use of payment appropriations
Result	<p>DG DEFIS achieved 100% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 100%</p>
Comment	
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Credit Accepted Pay Amount (Eur) <p>Scope:</p> <p>Payments on all relevant Fund Sources, except for:</p> <ul style="list-style-type: none"> - Internal assigned revenue in first year (C4) - Internal assigned revenue from lettings and sale of buildings and lands (CL) - Repaid advances (structural funds) (C6) - External assigned revenue except for EFTA (FCA ,FRT, PO, RO, TCA, TF5, TFC) - Payments stemming from C1, C5, E0 outstanding commitments on the non-staff budget positions that will be carried-forward as C8 to the next financial year

Indicator	<u>CA Forecast Implementation</u>
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year
Result	<p>DG DEFIS achieved 100% compared to the EC result of 98%</p>
Comment	
Definition	<p>Formula: $Value A / Value B^{*,**}$</p> <ul style="list-style-type: none"> - Value A: Committed L1 Accepted Amount + Direct Committed L2 Accepted Amount (Eur) - Value B: Commitment Forecast Amount (Eur) <p><i>*if Value A / Value B between 100 and 200% then the result indicator will be equal to $1 - (ABS(Value B - Value A) / Value B)$</i></p> <p><i>**if Value A / Value B > 200 % then the result indicator will be equal to 0%</i></p> <p>Scope:</p> <ul style="list-style-type: none"> - Commitments on all relevant Fund Sources - Commitment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	<u>PA Forecast Implementation</u>
Category	Efficiency Controls / Budget
Objective	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year
Result	<p>DG DEFIS achieved 100% compared to the EC result of 99%</p> 
Comment	
Definition	<p>Formula: Value A / Value B^{*,**}</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) - Value B: Payment Forecast Amount (Eur) <p><i>*if Value A / Value B between 100 and 200% then the result indicator will be equal to 1 - (ABS(Value B - Value A) / Value B)</i></p> <p><i>**if Value A / Value B > 200 % then the result indicator will be equal to 0%</i></p> <p>Scope:</p> <ul style="list-style-type: none"> - Payments on all relevant Fund Sources - Payment Forecast Amount (Eur) from the most up to date forecast version (Initial Mar-Aug, Revised Sep-Dec)

Indicator	<u>Global Commitment Absorption</u>
Category	Efficiency Controls / Absorption
Objective	Ensure efficient use of already earmarked commitment appropriations (at L1 level)
Result	<p>DG DEFIS achieved 100% compared to the EC result of 98%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (98%) 100%</p>
Comment	
Definition	<p>Formula:</p> <ul style="list-style-type: none"> - Value A: Com L1 Consumption amount (Eur) - Value B: Com L1 Initial amount (Eur) + Com L1 Complementary Amount (Eur) + (Com L1 Decommitment Amount (Eur) on all Fund Sources except for C8 and C9) <p>Scope:</p> <ul style="list-style-type: none"> - Com L1 with FDC ILC date from 01/01 to 31/12 of the current year - No movements to the Com L1 Consumption amount (Eur) after the FDC ILC date is taken into account (Generally decommitments of L2 which decrease the Com L1 consumption) <p>Remark: Due to technical limitation, the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.</p>

Indicator	<u>Timely Payments</u>
Category	Efficiency Controls / Timeliness
Objective	Ensure efficient processing of payments within the legal deadlines
Result	<p>DG DEFIS achieved 100% compared to the EC result of 99%</p> <p>0% 20% 40% 60% 80% 100%</p> <p>EC (99%) 100%</p>
Comment	
Definition	<p>Formula: Value A / Value B</p> <ul style="list-style-type: none"> - Value A: Payment Accepted Amount (Eur) in time <ul style="list-style-type: none"> o In Time: Payment Bank Value Date < = Payment legal deadline - Value B: Payment Accepted Amount (Eur) <p>Scope:</p> <ul style="list-style-type: none"> - Payments made in the current year - Payments valid for payment statistics (DWH Flag "Payment Time Status OK?" = "Y")

ANNEX 5: Materiality criteria

The present document details the way DEFIS assesses the level of errors in its annual financial statements and the definition of the level of misstatement that is considered as quantitatively material. The overall control objective is to ensure that the residual error rate affecting the relevant expenditure of 2020 remains below 2%.

DEFIS's expenditure is composed of (in order of importance), indirectly managed grants, directly managed grants and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure (in terms of probability and final financial impact).

DEFIS managed in 2020 financial operations under GNSS (Galileo, Egnos), Copernicus, H2020 and other programmes such as EDIDP. Considering that the biggest part of DEFIS's yearly expenditure is related to indirectly managed Space Delegation agreements, the following section focusses on this specific management system.

A. Space programmes (GNSS, Copernicus)

The assessment of the effectiveness of the different programmes' control system is based on ex-ante verification and on ex-post audits' results. The effectiveness is expressed in terms of detected and residual error rate, calculated from the best available estimates.

Assurance on the efficient use of delegated fund is obtained through the following elements:

- Before signing the Delegation agreement (Contribution agreement under current FR), the entrusted entity undergoes a pillar assessment on its internal control environment
- Pre-financing payments are subject to ex-ante operational and financial verification of the quarterly/semestrial and annual implementation reports (respectively QIRs/SIRs and AIRs) provided by entrusted entities; assessing the reliability of budgetary data; keeping an up to date overview of commitments and payments forecasted and executed; ensuring that actual and forecasted expenses remain within the allocated budget; checking actual expenditure versus forecast, and updating cash needs and level of commitments; developing a long-term financial planning covering the full MFF; verifying consistency of figures and challenging costs reported based on information provided; justifying acceptance of costs and clearings, analysing the schedule, its credibility and challenging it, if needed; analysing the risks and the effectiveness of the mitigation actions proposed; analysing the KPIs and ensuring they are in the limits requested by the programme.
- In depth ex-ante controls of accounting data, ex-ante checks of reported costs on assets at year end (review of status of contracts)

- Ex-post audits performed by DG DEFIS on annual declared cost. For ESA and GSA, all Annual Implementation Reports under the different programmes are audited every year. The other entrusted entities are audited every two years.

The errors detected during the audit have no impact on the legality and regularity of the amounts paid to the entities, because final annual eligible costs, taking into account audit adjustments, are cleared from the total outstanding pre-financing amount.

The error rates used for the calculation of the amount at risk at payments for each programme are the detected error rates stemming from the finalized ex-post audits performed for the respective year. The detected error rate is calculated as a comparison between the errors and the audited portion of the AIR. As all errors are corrected through adjustments in the clearing, the detected error rate for Space programmes is equal to the residual error rate.

DG DEFIS considers that the error rates detected by its audits are a reliable indicator for the legality and regularity of the non-audited transactions. Furthermore, based on its monitoring and supervision, DG DEFIS considers that the level of error remains relatively stable over the years. Even if the error rate happens to be very low DG DEFIS decided to use an error rate of 0.5% as a conservative approach.

B. Research framework programme H2020

Assessment of the effectiveness of controls

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EC, detected by ex-post audits, measured with respect to the amounts accepted after ex-ante controls.

However, to take into account the impact of the ex-post controls, this error level is to be adjusted by subtracting:

- Errors detected corrected as a result of the implementation of audit conclusions.
- Errors corrected as a result of the extension of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate, which is calculated in accordance with the following formula:

$$ResER\% = \frac{(RepER\% * (P - A)) - (RepERsys\% * E)}{P}$$

where:

ResER% residual error rate, expressed as a percentage.

RepER% representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of

negative systematic and non-systematic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.

- RepERsys%** portion of the RepER% representing negative systematic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%
- P** total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).
- A** total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.
- E** total non-audited requested EC contribution (€) of all audited beneficiaries.

For H2020, the Common Representative Sample (CRS), handled by the Common Audit Service (CAS) of RTD, is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each FP as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020. This may include the results of other ex-post audits, ex-ante controls, risk assessments, audit reports from external or internal auditors, etc. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

In case a calculation of the residual error rate based on a representative sample is not possible for a FP for reasons not involving control deficiencies,³¹ the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information.

2020 REVISED Methodology for the calculation of the error rate for Horizon 2020

The European Court of Auditors observed in its 2018 and 2019 Annual Reports that the error rate of Horizon 2020 was understated because the *“ex-post audits aim for maximum coverage of the accepted costs, but rarely cover all the costs. The error rate is calculated as a share of all the accepted costs, instead of the amount actually audited. This means that the denominator in the error calculation is higher, so the error rate is understated. In case the errors found are of a systemic nature, the error is extrapolated which partially*

³¹ Such as, for instance, when the number of results from a statistically-representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

compensates for the above-mentioned understatement. However, since extrapolation is not performed for non-systemic errors, the overall error rate is nevertheless understated. The understatement of the error rate cannot be quantified. It is, then, impossible to determine whether the impact of this understatement is significant”.

In response to this observation, in 2020 the Commission re-defined its methodology for calculating the Horizon 2020 error rate. In order to quantify any potential understatement mentioned by the Court, the Commission applied a new methodology for all audits closed as from 01 January 2020. The main change in the methodology is that, the denominator used in the error calculation is the sum of costs actually audited and not the sum of all accepted costs.

The additional % (calculated on 790 H2020 audit participations by difference with the previous methodology) has been used to top up the detected error rate for 2020 calculated according to the methodology used in the past

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the ABB expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g. programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

Because of its multiannual nature, the effectiveness of the Research services' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systematic errors have been detected and corrected.

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g. during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signing of the contract with the beneficiary.

Notwithstanding the multiannual span of their control strategy, the Director-General of DEFIS is required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen. In view of the crucial role of ex-post audits, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and so on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post audits of cost claims on a multi-annual basis.

IAS limited review on the 2020 error rate calculation for H2020

The IAS has carried out a limited review on the methodology for calculation of the error rates of Horizon 2020 in year 2020. The preliminary findings of this limited review confirmed that there is no weakness in the calculation of the detected error rate and that the impact of these findings on the accuracy of the calculation of the residual error rate is minor. The final recommendations of this limited review will be implemented in the AAR 2021.

C. Other programmes

For all other programmes implemented by DEFIS (EDIDP i.e.) the general objective is to ensure that the residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% by the end of the programmes' management cycle.

D. De 'minimis' threshold for financial reservations

"Since 2019³², a 'de minimis' threshold for financial reservations has been introduced. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed."

³² Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

RCS N°1: Budget entrusted to other entities

This RCS covers:

- (1) under indirect management, the agreements with **ESA** for the EGNSS, Galileo FOC, EGNOS, GMES, Copernicus, IOD/IOV (under Horizon 2020)
- (2) under indirect management, the EGNSS agreement with GSA and the Copernicus agreements with **EUMETSAT, ECMWF, EEA, EMSA, FRONTEX, SATCEN**;
- (3) under indirect management, the agreement with EDA and agreements with OCCAR for defence industry programmes;
- (4) cross sub-delegations to **other Commission services** (such as JRC).

Stage 1 – Establishment (or prolongation) of the mandate to the Entrusted Entity (EE)

Main control objectives: Ensure that the legal framework for the management of the relevant funds is fully compliant and regular (legality & regularity), that is delegated to the appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy) and gives all the rules necessary for a smooth running by the EE.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
Contributions Agreement (CA) does not clearly set out : - delegated tasks, responsibilities of each involved actor	Take the <i>lessons learned</i> from prior similar CAs Ex-ante review by the relevant staff within DG DEFIS Consultation of the central EU	Coverage/Frequency: 100 %/once Depth: Checklist includes a list of the requirements of the regulatory provisions to be complied with.	Costs: estimation of FTEs involved in the preparation and adoption work Benefits: - Total budget amount entrusted to the

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - internal control and reporting requirements to be observed - arrangements for protection of EU financial interests and transparency of operations - right of the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) to comprehensively exert their competences to audit the entrusted funds <p>Specific risks related to industrial procurement to be carried out by ESA on behalf of DG DEFIS in the complex oligopolistic space market</p> <p>Specific risks related to industrial procurement to be carried out by GSA in the complex oligopolistic space market</p>	<p>services (DG BUDG, Legal Service)</p> <p>Hierarchical validation within the authorising directorate</p> <p>Describe modalities of cooperation, supervision and reporting in the CA</p> <p>Explicit allocation of supervision responsibility to individual officials (reflected in task assignment or function descriptions)</p> <p>Ex-ante verification of the procurements procedures carried out by the EE in their own name (for example: EC procurement board with ESA), or on behalf of the EU</p> <p>Scrutiny verification by DG DEFIS of industrial procurements procedures carried out by the GSA</p>	<p><u>Factors</u> would be (i) whether it is an establishment or a prolongation, (ii) whether it involves selecting an entity and (iii) consistency with any other entities entrusted by the same DG or family.</p>	<p>entity in case of detection of no significant (legal) errors</p> <ul style="list-style-type: none"> - DG DEFIS reputation intact <p>Effectiveness:</p> <ul style="list-style-type: none"> - Quality of the legal work (Basic Act, Legal and Financial Statement and DA) - no ECA or OLAF observations <p>Efficiency:</p> <ul style="list-style-type: none"> - Average cost of preparation, adoption work done compared with similar cases as benchmark <p>Economy:</p> <ul style="list-style-type: none"> - ratio FTEs/funds entrusted (economic when below 10-15 %)

Stage 2 – Ex-ante (re)assessment of the entrusted entity’s financial and control framework

Main control objectives: Ensuring that the EE is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 Internal Control Objectives (ICOs) (*legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy*).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E’s)
<ul style="list-style-type: none"> - Before entrusting tasks of budget implementation to the EE, DG DEFIS has not obtained evidence that the financial and control framework deployed by the EE is sufficiently mature to guarantee achieving all 5 ICOs - The EE’s own financial framework differs from the EU FR and the two parallel systems coexist with the risk of the EE’s own system being applied to EU funds - The EE has not timely informed DG DEFIS about substantial changes made to 	<ul style="list-style-type: none"> - DG DEFIS internal or independent external ex-ante assessment of the EE ensuring that there is the same level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements the EU budget (Article 62 FR³³) - Hierarchical validation within the authorising directorate - Require justification and prior consent for any deviation to financial rules (e.g. Riders or Contract Change Notices) - Require timely notification by 	<p>Coverage/frequency:</p> <ul style="list-style-type: none"> - <u>International organisations</u>: prior to the signature, assessment of internal control system of the EE followed if necessary by ad hoc targeted system controls - <u>Agencies</u>: targeted system controls/ad hoc - <u>AOXD</u>: reliance on other DG's control system <p>Depth:</p> <ul style="list-style-type: none"> - 100 % 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved in the ex-ante assessment process (including missions) - cost of outsourced independent external “pillar” (re)assessment of the EE’s control system(s) <p>Benefits:</p> <ul style="list-style-type: none"> - Total budget amount entrusted to the EE if no significant system weaknesses are detected - DG’s reputation remains intact <p>Effectiveness:</p>

³³ The future entrusted entities must meet requirements with regard to the following nine “pillars”: 1. the internal control system, 2. the accounting system, 3. an independent external audit, as well as rules and procedures for: 4. providing financing from EU funds through grants (optional), 5. procurement (optional), 6. financial instruments (optional), 7. exclusion from access to funding, 8. publication of information on recipients, 9. protection of personal data.

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
its systems, rules and procedures that relate to the management of the EU funds entrusted	<p>the EE of any changes to its financial or control systems subsequent to the signature of the CA</p> <ul style="list-style-type: none"> - Statement obtained from another DG which also has a CA with the EE 		<ul style="list-style-type: none"> - no ECA or IAS observations - n° of recommendations proposed to EE as result of assessment (i.e. deviations from EU FR identified) - quality of ex-ante assessment <p>Efficiency Indicators:</p> <ul style="list-style-type: none"> - Time-To-Implement recommendations (by the EE) - Time-To-(Re)Assess <p>Economy:</p> <p>Ratio FTEs/funds entrusted (economic when below 10-15 %)</p>

Stage 3 – Implementation: monitoring, supervision, reporting

Main control objectives: Ensure that the CA objectives are achieved and that DG DEFIS is fully and timely informed of any relevant management issues encountered by the EE, in order to possibly mitigate potential financial and/or reputational impacts (legality & regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
- Low quality programme results, delayed programme implementation, non-	Detailed reporting modalities included in CA (incl. regular	Coverage: 100 % of the entities are monitored/supervised.	Costs: estimation of FTEs involved in monitoring and supervision (including

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>achievement of policy objectives / desired impact on society.</p> <ul style="list-style-type: none"> - Due to weak modalities of cooperation, supervision and reporting, DG DEFIS is not fully and timely informed of relevant financial and/or management issues encountered by the EE, and/or does not (timely) react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the DG's governance reputation and quality of accountability reporting. - EE's financial and control systems are not functioning as expected, even though the outcome of the system (re)assessment was satisfactory (e.g. assets not correctly registered in EEs accounts) - EE's procedures are changed 	<p>programme evaluation).</p> <p>Reinforced monitoring:</p> <ul style="list-style-type: none"> - increased participation in EE's governance bodies and technical committees - detailed analysis of all reports submitted by the EE; if necessary, request additional ad hoc reports - outsourcing of technical assistance on general programme management and ad hoc topics (e.g. asset management, systems audits) - regular EE audits by DG DEFIS, IAS, ECA and close follow-up of implementation of audit recommendations - management review of the supervision results (e.g. regular DEFIS-ESA meeting at Director-General level) 	<p>Frequency:</p> <ul style="list-style-type: none"> - daily (operational/financial/ technical issues) - monthly (briefings and reports for high level governance meetings) - quarterly (report analysis) - annual (AOXD reports, review of Annual Reports for reservations) <p><u>In case of</u> operational / financial issues, measures are reinforced.</p> <p>The depth depends on the <u>mandate</u> given to the entity, and on the level of DG DEFIS access to the EE's internal control information.</p>	<p>missions).</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Total budget amount entrusted to the EE if no significant (legal, management, accounting, fraud, reporting) errors are detected - DG's reputation remains intact <p>Effectiveness:</p> <ul style="list-style-type: none"> - CA objectives achieved on time - cut-off and closure exercise carried out within deadline - relevance, reliability and quality of control data reported back by EE - n° of serious IAS or ECA findings on control failures - n° of regular monitoring actions, n° of issues under reinforced monitoring, budget % value and amount of errors detected ex-post

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
during the mandate	<ul style="list-style-type: none"> - monthly EC/ESA/GSA directors meetings to tackle specific issues - set up of ad hoc DEFIS - EE Task Forces to tackle problematic issues - if necessary, referral to OLAF - DG DEFIS is informed in due time of changes in order to assess the impact on the implementation of EU funds and agree or not on changes 		<ul style="list-style-type: none"> - Parent DG's AAR assurance on EEs budgets <p>Efficiency Indicators:</p> <ul style="list-style-type: none"> - no amendments to CA to extend programme implementation deadline - CA renewed - Time-To-Implement audit recommendations <p>Economy:</p> <ul style="list-style-type: none"> - Ratio FTEs/funds entrusted (economic when below 10-15 %)

Stage 4 – Commission contribution: payment or suspension/interruption

Main control objectives: Ensure that the Commission fully assesses the management situation at the entrusted entity (EE), before either paying out the (next) financial contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution (legality & regularity, sound financial management, anti-fraud strategy).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The Commission pays out the (next) contribution to the entrusted entity:</p> <ul style="list-style-type: none"> - while not being aware of management issues that may lead to financial and/or reputational damage - despite being aware of such issues - with incorrect calculation of the cash needs of the entrusted entity - with no implementation of the audit results by the entrusted entity 	<ul style="list-style-type: none"> - Require EE to report back on management issues as soon as possible - Ex-ante operational and financial verifications leading to correction of errors and restatement of corrected contribution request - Management review of supervision results - Hierarchical validation of contribution payment and recovery of non-used funds - If necessary, suspension or interruption of payments 	<p>Coverage: 100 % of the contribution payments.</p> <p>Frequency: as per transfer agreement or transfer request</p> <p>The depth depends on the <u>mandate</u> of the (type of) entity, inter alia whether DG DEFIS has full access to the entity's internal control information.</p>	<p>Costs: estimation of FTEs involved in the ex-ante verifications</p> <p>Benefits:</p> <ul style="list-style-type: none"> - value of errors detected by ex-ante controls - Total budget amount entrusted to the entity if no significant (legal, management, accounting, fraud, reporting) errors are detected - DG's reputation remains intact <p>Effectiveness:</p> <ul style="list-style-type: none"> - amount of unused operating budget recovered (if any) - budget amount of the suspended/interrupted payments (if any). <p>Efficiency Indicators:</p> <ul style="list-style-type: none"> - Time-To-Pay /Recover <p>Economy:</p> <ul style="list-style-type: none"> - Ratio FTEs/funds entrusted (economic

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
			when below 10-15 %)

Stage 5 – Audit and evaluation

Main control objectives: Ensuring that assurance building information on the EE's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - The Commission has insufficient information from independent sources on the EE's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the Entity – which may reflect negatively 	<ul style="list-style-type: none"> - CA to specify independent audit function and cooperation with IAS and ECA - DG DEFIS own on-the-spot ex-post audits of the EE and/or its beneficiaries - potential escalation of any major governance-related issues - Interim evaluations by 	<p>Coverage: All delegation agreements are checked through samples.</p> <p>Regarding the subsidy paid to GSA, the budget executed on behalf of DG DEFIS, is checked by the European Court of Auditors.</p> <p>DG DEFIS does not perform ex-</p>	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved in the coordination and execution of the own audits - Ex-post audit mission costs - Cost of outsourced audits <p>Benefits:</p> <ul style="list-style-type: none"> - Assurance of the AOD that the

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>on the Commission's governance reputation and quality of accountability reporting</p> <ul style="list-style-type: none"> - Decentralised agencies do not fully cooperate with the Discharge authorities and do not provide, as appropriate, any necessary additional information - The entrusted AOXD's control system is subject to AAR reservations and/or ECA criticism 	<p>independent experts of achievement of policy objectives</p> <ul style="list-style-type: none"> - if necessary, refer to OLAF 	<p>post audits on this subsidy of this agency. The AOXD's systems are presumed to be up to Commission standards.</p> <p>Frequency: once a year or every second year, depending on the entrusted entity</p> <p>The depth depends on the <u>mandate</u> of the (type of) entity, inter alia whether the Commission has full access to the entity's internal control information.</p>	<p>population audited is clean of error</p> <ul style="list-style-type: none"> - % rate and value of errors detected by own audits (and subsequently corrected) <p>Effectiveness:</p> <ul style="list-style-type: none"> - unqualified opinion by the EE's independent external auditor on the EE's annual financial statements - detected error rate of own ex-post audits of EE below materiality threshold - n° of own audits - n° and amount of errors detected by own audits <p>Efficiency:</p> <ul style="list-style-type: none"> - value of total payments audited - Number of audits launched in the year versus annual target - Number of audits closed in the year versus annual target <p>Economy:</p> <ul style="list-style-type: none"> - ratio: annual cost of own audits / amount of all errors detected - average cost per audit

RCS N°2: Assets

This RCS covers: the physical assets of the EGNSS and Copernicus space programmes

Stage 1 – Recognition: establishment of the Commission's rights on assets in the underlying agreements

Main control objectives: Negotiation of contractual terms. Ensure that the legal framework (agreements with entrusted entities) for the management of the EU assets is fully compliant and regular (legality & regularity) with an appropriate set-up of requirements related to the safeguarding of assets, inventory management and accounting information (true and fair view).

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>Contribution Agreement does not clearly set out :</p> <ul style="list-style-type: none"> - delegated tasks - the requirements related to the ownership, safeguarding and management of EU property - internal control and reporting requirements - arrangements for protection of EU financial interests and transparency of financial operations - right of the European Court of Auditors (ECA) and the European 	<p>1) Investment of adequate time and effort in drafting the new Contribution Agreement:</p> <ul style="list-style-type: none"> - Inter-service consultation of relevant Commission services - Detailed and unambiguous modalities of cooperation, supervision and reporting - Stipulations with regard to transfer of ownership and the detailed asset management and reporting requirements 	<p>Coverage/Frequency 100 %/once</p> <p>Depth: In-depth control, full investment of DG DEFIS operational, financial and legal units</p>	<p>Costs: estimation of FTEs involved in the preparation and adoption work</p> <p>Benefits:</p> <ul style="list-style-type: none"> - Proper safeguarding of the EU property - DG DEFIS reputation intact - Cost-efficient implementation of the Delegation Agreement <p>Effectiveness:</p> <ul style="list-style-type: none"> - Quality of the legal work (Basic Act, Legal and Financial Statement and DA) - Timely receipt of adequate reporting in line with requirements Delegation Agreements - no ECA, IAS or OLAF criticism <p>Efficiency:</p> <ul style="list-style-type: none"> - Time and average cost of preparation, adoption work

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
Anti-Fraud Office (OLAF) to comprehensively exert their competences to audit the entrusted funds			done compared with similar cases as benchmark Economy: - Ratio FTEs/funds entrusted (economic when below 2 %)

Stage 2 – Protection: recording, ensuring correct asset valuation

Main control objectives: Ensuring that the Commission registers and protects its asset correctly, including the safeguarding of assets and reliable and accurate asset valuation and reporting (true and fair view)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
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Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The implementation of the Agreements entail weaknesses, which lead to the Commission's legal rights in terms of assets ownerships not being duly protected and/or registered and/or reliably reported</p> <p>Non respect of EU accounting rules regarding assets and inventories</p> <p>Inaccurate valuation of assets</p>	<p>Clear programme specific accounting guidelines, inspection, depreciation and de-commissioning rules</p> <p>Formal agreement of Accounting Officer asked for accounting decisions with a material impact</p> <p>Organisation of asset workshops with the entrusted entities</p> <p>Regular meetings of the asset working group with members from the accounting team, DG for Budget and operational units</p> <p>In depth ex-ante controls of accounting data, including sample-wise ex-ante checks of underlying cost and regular</p>	<p>Coverage/Frequency: Full coverage/yearly</p> <p>Depth: In-depth control, full investment of DG DEFIS accounting team in co-operation with operational units</p>	<p>Costs: estimation of cost of staff involved. Cost of the contracted services (if applicable)</p> <p>Benefits: The (average annual) total value of the significant errors detected and thus prevented in terms of the Commission's rights</p> <p>Effectiveness: Number of material internal and external audit findings about incorrect valuation of assets</p> <p>The valuation of assets within the deadlines imposed by the Directorate-general for Budget</p> <p>Efficiency: Time spent on controls related to the asset value</p> <p>Economy: Cost of valuation and accounting of the Commission's assets and evolution over time</p>

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
	checks of inventories		

Stage 3 – Overall monitoring of proper safeguarding of assets

Main control objectives: Ensuring that the Commission’s property is safeguarded properly

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E’s)
<p>Lack of complete and reliable assets register</p> <p>Lack of safeguarding of assets (for example assets lost, damaged or disposed without prior permission of the EU)</p>	<p>Physical inspection of assets under EU ownership</p> <p>Define formal procedure for disposal of assets</p> <p>Other monitoring measures adequate to the programme (i.e. monitoring of asset performance, signal provision)</p>	<p>Performance of physical inspections on the basis of the Multi-annual assets verification programme on a risk based approach.</p>	<p>Costs: estimation of cost of staff & missions involved.</p> <p>Benefits: assurance on the existence and safeguarding of the total value of EU assets Budget value of items lost detected</p> <p>Effectiveness: Value of assets inspected per three years as % of net asset (equipment) value Number of follow-up actions</p> <p>Efficiency: Time spent and cost of missions related to the value of assets inspected</p> <p>Economy: Cost of inspections of the EU assets and evolution over time</p>

Stage 4 - Ex-Post controls: supervision monitoring, reviews, audits – plus corrections

Main control objectives: Measuring the effectiveness of ex-ante controls; detect and correct any error with regard to the underlying cost remaining undetected after the implementation of ex-ante controls. Ensuring that the appropriate corrections are being made

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>The ex-ante controls fail to prevent, detect and correct errors in the valuation of the assets</p>	<p>Ex-post audits of cost reported by the entrusted entities that form the basis for the EU asset valuation</p>	<p>Coverage ex post audits:</p> <ul style="list-style-type: none"> • Representative sample: random or MUS sample sufficiently representative to draw valid management conclusions • Risk-based sample, determined in accordance with the selected risk criteria, aimed to maximise error correction (either higher amounts or expected error rate). 	<p>Costs: estimation of cost of staff involved in the supervision and audit strategy</p> <p>Benefits: budget value of the errors, detected by the auditors, which have actually been corrected.</p> <p>Effectiveness: Representative error rate below 2 %.</p> <p>Efficiency: total (average) annual cost of audits compared with benefits (ratio).</p> <p>Economy: Cost of ex-post audits of the underlying cost of asset valuation and evolution over time</p>

RCS N° 3: Procurement

This RCS covers: DG DEFIS own procurement under direct management, which is mostly for studies and technical assistance:

Stage 1 – Decision to launch a procurement procedure (call for tender)

A – Planning

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
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Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - The procurement needs are not clearly defined or justified from an economic or operational point of view - Discontinuation of the services provided due to poor/late planning and organisation of the procurement process - Lack of expert knowledge and experience in the highly regulated field of procurement which may lead to the wrong choice of procedure/thresholds and the splitting of purchases - Conflict of interests 	<ul style="list-style-type: none"> - Publication of intended procurements - Detailed financial procedures - In-house technical trainings on procurement management - Regular information on ethics, integrity and fraud awareness to all staff involved in the procurement process 	<ul style="list-style-type: none"> - 100 % of forecast procurements are included in the DG DEFIS Monitoring Tool. 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved and the related contract values (if external expertise is used) <p>Quantified Benefits:</p> <ul style="list-style-type: none"> - Amount of rejection of unjustified purchases <p>Non Quantified Benefits:</p> <ul style="list-style-type: none"> - Avoidance of litigation - DG DEFIS reputation intact <p>Effectiveness:</p> <ul style="list-style-type: none"> - n° of ECA observations and % error rate on choice of procurement procedure - n° of successful legal on errors in the procurement procedures

B - Needs assessment & definition

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity).

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
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Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - Risk of not obtaining value for money due to lack of market analysis and/or poor definition of selection criteria - Risk of unequal treatment resulting in litigation, due to selection criteria favouring one contractor - Risk of not receiving the best offers due to the poor definition of the tender specifications (disproportion between contract value and selection/award criteria, or specifications too vague) - Risk of non-compliance with legality and regularity and criticism on choice of procedure due to limited competition and high proportion of negotiated procedures in the very technical, complex and oligopolistic space market 	<ul style="list-style-type: none"> - Encourage use of open procedures, even in relatively closed markets - Technical specifications are prepared and validated by at least 2 staff members, and approved by the responsible operational HoU/ Director before call launch - Verification and validation of tender documents by a specialised team for Public Procurement and Grants Management in the Financial Resources and Internal Control unit before call launch 	<ul style="list-style-type: none"> - 100 % of the specifications are verified. Depth may be determined by the amount and/or the impact on the objectives of the DG if it goes wrong - 100 % of the tenders above a financial threshold (e.g. > EUR 15 000) are reviewed. Depth risk-based, depending on sensitivity 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved and the related contract values (if external expertise is used) <p>Quantified Benefits:</p> <ul style="list-style-type: none"> - Value of contracts for which the approval and supervisory control detected material error (negative opinion issued by the DG DEFIS legal team). <p>Non quantified Benefits:</p> <ul style="list-style-type: none"> - Limit the risk of litigation - Limit the risk of cancellation of a tender <p>Effectiveness:</p> <ul style="list-style-type: none"> - N° of negative Public Procurement and Grants Management opinions and n° of favourable opinions with reserves. - N° of 'open' procedures or procedures where only one or no offers were received

C – Evaluation & Award

Main control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity). Fraud prevention and detection.

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - The most economically advantageous offer is not selected due to a biased, inaccurate or 'unfair' evaluation process - Over-consumption of resources (human and financial) due to errors or mismanagement leading to award decisions being contested (resulting in Court and Ombudsman cases) - Damage to the DG's reputation if fraud or criminal behaviour is discovered (conflict of interest) 	<ul style="list-style-type: none"> - All 'call for tender' evaluations involve the use of opinions of more than one qualified official. The evaluation process is more regulated and formalised as the contract value increases. - Risk based approach: higher risk contracts have more in-depth checks - Review of and opinion on evaluation and award documents and process by a specialised legal team before contract award 	<ul style="list-style-type: none"> - Formal evaluation process: Opening and Evaluation committees for all tenders > EUR 139 000³⁴ including signature of declarations of absence of conflict of interests by the committee members - <u>Risk based approach:</u> <ul style="list-style-type: none"> 1) second review of evaluation and award documents and process (open and restricted procedure) by the Deputy Director General and Director General for procurements > EUR 10 million 2) validation of negotiated procedures > EUR 139 000 by the Director-General before call launch 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved and the related contract values (if external expertise is used) <p>Quantified Benefits:</p> <ul style="list-style-type: none"> - Difference between the most onerous offer and the selected one - N° or value of contracts subject to complaints / irregularities - N° of procurements successfully challenged during standstill period <p>Non quantified Benefits:</p> <ul style="list-style-type: none"> - Compliance with FR - Best value for money <p>Effectiveness:</p> <ul style="list-style-type: none"> - n° of ECA observations and % error rate concerning evaluation & award stage

³⁴ Thresholds for procurement applicable for procurement procedures launched as of 1st January 2020. EUR 139 000 for procurement of supplies and services, 350 000 for the procurement of works and concessions

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
		<ul style="list-style-type: none"> - 100 % of the offers of the call for tenders are evaluated by more than one qualified official. - 100 % of evaluations are checked. - Depth: required documents provided are consistent 	<ul style="list-style-type: none"> - n° of negative Public Procurement and Grants Management opinions - n° of successful complaints or Ombudsman or Court cases resulting from non-compliant procurement process <p>Efficiency:</p> <ul style="list-style-type: none"> - Time-To-Contract - Contract value/cost of FTEs involved in control of contracts

Stage 2 – Contract Management and Financial transactions

Main control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - Bad or non-execution by the contractor, leading to serious problems if contractual deliveries are critical and no short term alternatives are available (risk of over-dependency on certain contractors) - The products/services foreseen are not, totally or partially, 	<ul style="list-style-type: none"> - Checks on financial capacity and viability of contractors prior to awarding the contract - Close monitoring of contracts, with possible on-site verifications, particularly of high value contracts resulting from negotiated procedures - Checks on both operational 	<ul style="list-style-type: none"> - 100 % of the contracts are controlled, including only value-adding checks - In case of reimbursement costs, in-depth ex-ante verification - High risk operations identified by risk criteria - For high risk operations, reinforced monitoring of the 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved <p>Quantified Benefits:</p> <ul style="list-style-type: none"> - Amount of irregularities, errors and overpayments prevented by the controls <p>Non quantified Benefits:</p> <ul style="list-style-type: none"> - DG reputation intact

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<p>provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions</p> <ul style="list-style-type: none"> - Risk of bad execution due to undetected errors on uncorrected imprecisions in offers or tendering specifications - Business discontinues, because contractor fails to deliver - Plagiarism (studies, reports) - Fraud 	<p>and financial issues carried out at appropriate level using the most qualified staff. As defined in the in accordance with the financial circuits</p> <ul style="list-style-type: none"> - Possibility to run a plagiarism check of reports submitted by contractor - Management of sensitive functions 	<p>respect of the timely achievement of the contract's milestones by the contractor</p>	<p>Effectiveness:</p> <ul style="list-style-type: none"> - n° of ECA observations and % error rate relating to contract management /payment stage - n° of court cases resulting from contract execution problems - % budget execution rate – total amount committed/paid versus total budget envelope - % of contracts implemented - n° of open critical and/or very important audit recommendations <p>Efficiency:</p> <ul style="list-style-type: none"> - Time-To-Pay - Late interest payment and damages paid (by the Commission) - Coverage of 1st and 2nd level ex-ante controls <p>Economy:</p> <ul style="list-style-type: none"> - Average n° of contracts per procurement control FTE - cost of control per running contract - % cost over annual amount disbursed

Stage 3 – Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks	Mitigating controls	Coverage frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - An error or non-compliance with regulatory and contractual provisions, including technical specifications, or a fraud is not prevented, detected or corrected by ex-ante control, prior to payment 	<ul style="list-style-type: none"> - Supervisory desk review of procurement and financial transactions - Ex-post publication of contracts awarded (and subsequent publication in the EU Financial Transparency System) - Regular review of exceptions or non-compliance events reported - Regular review of the procurement process (self-assessment by DG legal team) - System and transaction audits by IAS, ECA) and subsequent monitoring of implementation of recommendations for improvement - indicators on procurement are regularly reported 	<ul style="list-style-type: none"> - 100 % Depth: review any significant problem that occurred - legal team examines procurement procedures - 100 % of the sample at least once a year to determine any errors or systemic problems or weaknesses in the procedures (procurement and financial transactions) 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of FTEs involved in the controls <p>Non Quantified Benefits:</p> <ul style="list-style-type: none"> - Systematic weaknesses corrected - Deterrent effect <p>Effectiveness:</p> <ul style="list-style-type: none"> - Amounts associated with errors detected (related to fraud, irregularities and error) and in % over total checked. - N° system improvements made <p>Efficiency:</p> <ul style="list-style-type: none"> - Average time-to-contract <p>Economy:</p> <ul style="list-style-type: none"> - Proportion of overall cost of control over total expenditure (payments authorised) - Costs of the ex-post controls and supervisory measures with respect to the 'benefits'.

RCS N° 4: Grants

This RCS covers: DG DEFIS grants under direct management (action and operating grants)

Stage 1 – Programming, evaluation and selection of proposals

A - Preparation, adoption and publication of the Annual Work Programme (AWP) and Calls for proposals (Calls)

Main control objectives: Ensuring that the Commission receives and selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - Work Programmes and subsequent calls do not adequately reflect the policy objectives, priorities are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals - Work Programmes are inconsistent within the other family DGs and with the 7 year framework - Work Programmes overlap with other programmes (by other 	<ul style="list-style-type: none"> - Hierarchical validation within the authorising department - Inter-service consultation, including all relevant DGs - Adoption by the Commission <p><u>Recommended:</u></p> <ul style="list-style-type: none"> - Centralised checklist-based verifications - Explicit allocation of responsibility to individual officials (reflected in task assignment or function descriptions) 	<p>If risk materialises, all grants awarded during the year under this WP or call would be irregular. Possible impact: 100 % of budget involved and significant reputational consequences.</p> <p>Coverage / Frequency: 100 %</p> <p>Depth: All Work Programmes are thoroughly reviewed at all levels, including for operational and legal aspects.</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Estimation of cost of staff involved in the preparation and validation of the Work Programmes and calls. Cost of contracted services, if any. <p>Benefits:</p> <ul style="list-style-type: none"> - Only qualitative benefits. A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds. - The (average annual) total budgetary

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>DGs, e.g. Structural Funds) and could lead to double-funding</p> <ul style="list-style-type: none"> - Calls are tailored to the advantage of certain candidates due to undue influences from interest groups - Calls are not adequately published and do not reach all target groups 			<p>amount of the Work Programmes or calls with significant errors detected and corrected.</p> <p>Effectiveness:</p> <ul style="list-style-type: none"> - % of n° of calls successfully concluded / number of calls planned in Management Plan/Work Programme - % budget execution rate grant commitments <p>Economy:</p> <ul style="list-style-type: none"> - average n° and value of running grants managed per control FTE - % cost of control for all stages over annual amount disbursed in grants - average cost of control per grant

B – Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected

(effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - Evaluation, ranking and selection of proposals not carried out in accordance with the established procedures, policy objectives and priorities - Eligibility, selection and award criteria too ambiguous or otherwise inadequate to ensure that grants are awarded to the actions which maximise the overall effectiveness of the EU programme - Unauthorised persons may have access to the electronic system for the management of the calls - Unequal treatment of applicants: inappropriate contacts and/or conflict of interests with certain applicants during the procedure - Monopoly of certain bodies insufficiently justified 	<ul style="list-style-type: none"> - Selection and appointment of expert evaluators - Assessment of evaluation procedure by independent experts - Validation by the AO of ranked list of proposals. In addition, if applicable: opinion of advisory bodies; comitology; inter-service consultation, adoption by the Commission; publication 	<ul style="list-style-type: none"> - 100 % vetting (including selecting) of expert evaluators for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion) - 100 % of proposals are evaluated - 100 % of ranked list of proposals. Supervision of work of evaluators. - 100 % of contested decisions are analysed by redress committee 	<p>Costs:</p> <ul style="list-style-type: none"> - Estimation of cost of staff involved in the evaluation and selection of proposals - Cost of the appointment of experts and of the logistics of the evaluation <p>Benefits:</p> <ul style="list-style-type: none"> - 'quality allocation' assurance of the whole committed budget (as it will have been checked ex-ante and is considered reasonable in the interests of the programme) <p>Qualitative benefits:</p> <ul style="list-style-type: none"> - Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle : better planned, better executed projects <p>Effectiveness:</p> <ul style="list-style-type: none"> - % of proposals evaluated within the year/proposals received - % of n° of (successful) redress

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
			<p>challenges / total n° of proposals received</p> <ul style="list-style-type: none"> - Ratio of proposals received to proposals selected (“oversubscription” rate) - No successful litigation cases <p>Efficiency:</p> <ul style="list-style-type: none"> - Average Time-To-Publication of selection results <p>Economy:</p> <ul style="list-style-type: none"> - Average evaluation cost per proposal (external experts paid only) - % cost of control over annual amount disbursed in grants

Stage 2 - Contracting

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals contracted; Ensuring that the actions and funds allocation is optimal (Sound Financial Management: best value for public money; effectiveness, economy, efficiency); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - After evaluation, the description of the action in the grant agreement remains unclear or still includes tasks which do not contribute to the achievement of the programme objectives - Inconsistencies exist between the grant agreement and its annexes - Procedures do not comply with regulatory framework - The beneficiary : <ul style="list-style-type: none"> ▪ has overestimated the costs necessary to carry out the action ▪ has made false declarations ▪ lacks operational and/or financial capacity to carry out the action ▪ is awarded several grants for a single action (double-funding by different DGs or other donors) 	<ul style="list-style-type: none"> - Systematic checks on operational and legal aspects performed before signature of the grant agreement - Project Officers implement evaluators' recommendations in discussion with selected applicants. Hierarchical validation of proposed adjustments. - Validation of beneficiaries (operational and financial viability) - Planning of (mid-term and final) evaluations. - Signature of the grant agreement by the AO. - In-depth financial verification and taking appropriate measures for high risk beneficiaries 	<p>Coverage:</p> <ul style="list-style-type: none"> - 100 % of the selected proposals and beneficiaries are scrutinised - 100 % of draft grant agreements <p>Depth may be differentiated; determined after considering the type or nature of the beneficiary (e.g. SMEs, joint-ventures) and/or of the modalities (e.g. substantial subcontracting) and/or the total value of the grant</p>	<p>Costs:</p> <ul style="list-style-type: none"> - Estimation of cost of staff involved in the contracting process <p>Efficiency:</p> <ul style="list-style-type: none"> - Average Time-To-Grant <p>Economy:</p> <ul style="list-style-type: none"> - % cost of control for all stages over annual amount disbursed in grants

Stage 3 - Monitoring the execution: Project management - operational, financial and reporting aspects

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality &

regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<ul style="list-style-type: none"> - The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed those due according to the applicable contractual and regulatory provisions. - Eligibility conditions of the beneficiary may change during the implementation (e.g. SME bought by a larger company or a company becoming controlled by a third state) - Reimbursement of ineligible costs by DG DEFIS (e.g. due to overinflated timesheets, subcontracting of core activities or without prior tendering procedure) - Several authorising officers implement the same 	<ul style="list-style-type: none"> - Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors - Explain and clarify at front rules on eligibility criteria (most current cases) - Effective external communication about guidance to the beneficiaries - Operational and financial checks in accordance with the financial circuits. - Operation authorisation by the AO - For riskier operations more in-depth ex-ante controls. Scientific reviews if necessary. - When needed: application of suspension/interruption of payments, penalties or liquidated damages, earmark 	<ul style="list-style-type: none"> - 100 % of the projects are controlled, including only value-adding checks - Riskier operations subject to more in-depth controls - The depth depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced a to a minimum. - High risk operations identified by risk criteria. Red flags: suspicions raised by staff, delayed interim deliverables, suspicion of plagiarism, unstable consortium, requesting many amendments, EDES or anti-fraud flagging, etc. - Audit certificates required for any beneficiary claiming 	<p>Costs:</p> <ul style="list-style-type: none"> - estimation of cost of staff involved in the actual management of running projects <p>Benefits:</p> <ul style="list-style-type: none"> - part of budget value of the costs claimed by the beneficiary, but rejected by staff - Reductions in error rates identified by audit certificates - Budget value of penalties and liquidated damages. - Benefits due to operational review of projects and consequent corrective actions imposed on projects <p>Effectiveness:</p> <ul style="list-style-type: none"> - % and value of reductions made to EC contribution paid out through the ex-ante desk checks / total value of cost claims desk-checked - % of payments suspended

Main risks	Mitigating controls	Coverage, frequency and depth	Cost-Effectiveness indicators (three E's)
<p>programme and do not treat the beneficiaries equally</p> <ul style="list-style-type: none"> - Insufficient operational performance monitoring of beneficiaries by project officers 	<p>projects for risk-based ex-post audit, refer grant/beneficiary to OLAF</p> <ul style="list-style-type: none"> - Desk check (ex-ante) by the financial officers of the cost claims provided by the beneficiaries. 	<p>significant EU contribution.</p>	<ul style="list-style-type: none"> - n° of cost claims desk-checked <p>Efficiency:</p> <ul style="list-style-type: none"> - % and value of reductions made to EU contribution paid through ex-ante desk checks/total value of cost claims checked - Average n° & value of projects managed 'per' staff FTE - Average Time-To-Pay - Average payment suspension time (days) <p>Economy:</p> <ul style="list-style-type: none"> - % cost of ex-ante control (cost/total amount of grant payments) - Average project management cost (staff FTE * standard staff cost) per running project

ANNEX 7: Specific annexes related to "Financial Management"

1. Effectiveness: control results

(A) International Organisations

European Space Agency (ESA)

In 2020, the second biggest part of DG DEFIS expenditure was delegated to the European Space Agency (ESA) for the implementation of the GNSS (Galileo and EGNOS), the Copernicus space programmes as well as the Horizon 2020 programme, totalling EUR 516.9 million (28% of the total DG DEFIS 2020 payments).

The assurance on the effectiveness of the internal control systems with regard to the legality and regularity of the costs reported is built on:

- **ESA's control results and/or assurance:**
 - Opinion of the external auditor – unqualified audit opinion
 - Statement of Internal Control of the Director-General - clean
 - Reporting quality control at ESA - considered sufficiently reliable to draw conclusions on assurance.
- **Authorising Officers by Delegation's own control results on the ESA's operations:**
 - Results of the audits of the 2020 reports and implementation of corrections – no error was found on the costs claimed (see further details in Annex 6).

The DG DEFIS ex-post audit team continued to audit all the Annual Implementation Reports (AIRs) and Annual financial reports (AFRs) submitted by ESA in 2020. The results of the previous financial audits have been implemented. These corrections have been made at the time of the annual clearing of pre-financing payments to ESA. The overall residual error rate is below the 2% materiality threshold.

During the monitoring, errors detected ex-ante in the AIRs and the AFRs, have no impact on the legality and regularity of the amounts paid to ESA because the amounts paid depend both on costs declared and on cash-flows forecasts. There still remains the possibility to rectify them via future clearings of the pre-financings until the end of the delegated programmes.

In the framework of the regular working arrangement and top-level meetings between DG DEFIS and ESA, the Directorate-General closely monitors ESA's progress with the implementation of the programmes and the related reporting. Ensuring business continuity is a priority and in case of incidents³⁵, intense efforts are deployed and measures put in place to prevent such critical situations in the future.

The Relevant Control System Template (RCS) for indirect management in Annex 6 demonstrates how the control system put in place in the Directorate-General, addresses the risks related to this type of expenditure.

Result indicators: Indicators of annual error – ESA/GNSS GALILEO

<u>GALILEO FOC & FOC-DC</u>						
<i>(Amounts in €)</i>	Reported by ESA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2009	49 013 000	46 109 000	2 904 000	5,92 %	2 904 000	0
Financial Report for 2010	440 797 905	440 428 411	369 494	0,08 %	369 494	0
Financial Report for 2011	379 188 767	378 652 378	536 389	0,14 %	536 389	0
Financial Report for 2012	342 192 607	340 360 802	1 831 805	0,54 %	1 831 805	0
Financial Report for 2013	398 992 495	397 591 998	1 400 497	0,35 %	1 400 497	0
Financial Report for 2014	365 152 925	365 065 529	87 396	0,02 %	87 396	0
Financial Report for 2015	462 861 925	462 861 925	0	0,00 %	0	0
Financial Report for 2016	712 858 582	710 752 128	2 106 454	1.32%	2 106 454	0
Financial Report for 2017	389 193 535	389 193 535	0	0,00 %	0	0
Financial Report for 2018	404 303 175	404 303 175	0	0,00 %	0	0
Financial report for 2019	287 968 592	287 968 592	0	0,00 %	0	0

³⁵ For example, the incident occurred in July 2019 when the provision of Galileo Initial Services was impacted by a technical incident in the Galileo ground infrastructure, cfr. supra point 1.1 p.11.

Result indicators: Indicators of annual error – ESA/H 2020

H 2020						
<i>(Amounts in €)</i>	Reported by ESA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2019	34 845 680	34 845 680	0	0 %	0	0

Result indicators: Indicators of error – ESA/COPERNICUS

<i>(Amounts in €)</i>	Reported by ESA (EC accepted costs)	Commission Audit report (eligible costs)	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2009	80 401 424	79 566 603	834 821	1,04 %	834 821	0
Financial Report for 2010	137 657 344	113 959 263	23 698 081	17,22 %	23 698 081	0
Financial Report for 2011	171 487 659	171 029 224	458 435	0,27 %	458 435	0
Financial Report for 2012	104 124 840	102 058 630	2 066 210	1,98 %	2 066 210	0
Financial Report for 2013	78 518 254	78 524 613	-6 359	0,00 %	-6 359	0
Financial Report for 2014	136 135 061	136 133 236	1 825	0,001%	1 825	0
Financial Report for 2015	183 930 223	183 930 223	0	0,00%	0	0
Financial Report for 2016	651 537 638	651 527 254	3 431	0,001%	3 431	0
Financial Report for 2017	556 348 956	556 348 956	0	0,00%	0	0
Financial Report for 2018	478 467 614	478 467 614	0	0,00%	0	0
Financial Report for 2019	429 300 236	429 300 236	0	0,00%	0	0

DG DEFIS ex-post controls covered all Annual Financial Reports (AFR) submitted by ESA. The audits of the 2019 financial reports did not reveal any error. Regular Audits and corresponding corrections ensure that, on a multi-annual basis, the total amount paid under the Delegation Agreement will be compliant with the eligibility rules and will not exceed the limits defined in the Delegation Agreement. No audits were performed on IOV/IOD as only prefinancing so far.

Other international organisations, e.g. MERCATOR, ECMWF, EUMETSAT and OCCAR

The elements that provide assurance on the effectiveness of the internal control system with regard to the legality and regularity are mostly the same as explained under ESA.

In 2020, an audit on the 2019 Annual Implementation Report of **ECMWF** was carried out by DG DEFIS. No errors following the audit were encountered. An audit was also carried out on the 2019 Annual Implementation report of **EUMETSAT**. An error amounting to 0.02% over a total cost claimed of EUR 43.3 million occurred. No audits were performed in 2020 on **MERCATOR** nor on **OCCAR** (first pre-financing paid in 2020). These entrusted entities are audited every two years, according to the audit guidelines established at DG DEFIS³⁶, unless risks are identified.

Result indicators: Indicators of error – EUMETSAT/COPERNICUS

(Amounts in €)	Reported by Eumetsat	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2014	339 061	341 708	- 2 647	0,00%	- 2 647	0
Financial Report for 2015	5 788 694	5 815 842	- 27 148	0,00%	- 27 148	0
Financial Report for 2016	20 494 837	Not audited				
Financial Report for 2017	27 779 921	27 085 987	693 933	2.5%	693 933	0
Financial Report for 2018	Not audited					
Financial Report for 2019	43 353 898	43 350 008	3 890	0,02%	3 889.81	0

Result indicators: Indicators of error – MERCATOR/COPERNICUS

(Amounts in €)	Reported by MERCATOR	Commission Audit report	Adjustment	Detected error rate
Financial Report for 2014	181.128	180.341	-787	0.43%
Financial Report for 2015	11.323.190	11.310.953	-12.237	0.11%
Financial Report for 2016	19.328.239	19.319.822	-8.417	0.11%
Financial Report for 2017	Not audited			
Financial Report for 2018	24.587.119	24.579.863	-7.256	0,14%
Financial Report for 2019	Not audited			

³⁶ Ares(2020)1816953 - 30/03/2020

Result indicators: Indicators of error – ECMWF/COPERNICUS

<i>(Amounts in €)</i>	Reported by ECMWF	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2017	41 836 912	41 836 912	0	0%	0	0
Financial Report for 2018	Not audited					
Financial Report for 2019	54 714 886	54 714 886	0	0%	0	0

(B) EU Agencies

Decentralised Agencies, e.g. GSA, EEA, FRONTEX, SATCEN, EMSA, EDA

Besides the above mentioned contribution agreements, similar agreements have been concluded with the **European GNSS Agency (GSA)** in the area of GNSS exploitation activities. In 2020, GSA constituted the biggest part of DG DEFIS expenditure, totalling EUR 923.8 million (51% of the total DG DEFIS 2020 payments). Although DG DEFIS remains ultimately accountable for the legality and regularity of these expenditures, it is the responsibility of GSA to set up the appropriate controls to provide the necessary assurance to its parent Directorate-General. The Commission exercises the supervisory tasks provided for in the existing delegation agreements through ex-ante controls over the regular implementation reports and procurement documentation submitted by the Agency. GSA is audited annually by the European Court of Auditors (ECA) and the submitted annual financial/implementation reports (AFRs/AIRs) are also audited by external independent auditors. DG DEFIS ex-post control team audited all annual financial/implementation reports (AFRs/AIRs) submitted by GSA. The overall detected error rate for 2020 following the DG DEFIS audits is 0.47 % (respectively 0.10 % for GALILEO and 1.29% for EGNOS). Given that the grants provided by GSA under the H2020 delegation agreement are audited by the Common Audit Service (CAS) of the Research family, DG DEFIS used the related error rates (Representative error rate of 2.95% and cumulative residual error rate of 2.35% for GSA).

Result indicators: Indicators of annual error – GALILEO and EGNOS programmes

GALILEO						
<i>(Amounts in €)</i>	Reported by GSA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2016	19.488.475	18.628.058	-860.417	4.42 %	860 417	0
Financial Report for 2017	432.571.139	432.518.462	-52.677	0.01 %	52 677	0
Financial Report for 2018	480.850.890	480.903.567	52.677	-0,01%		
Financial Report for 2019	478.214.483	477.916.815	297.668	0.1%		

EGNOS						
<i>(Amounts in €)</i>	Reported by GSA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2016	98.028.677	95.625.748	-2.402.929	2.45 %	2 402 929	0
Financial Report for 2017	103.969.092	103.464.571	-504.521	0.49 %	504 521	0
Financial Report for 2018	159.776.396	160.169.764	393.368	-0.24%		
Financial Report for 2019	192.642.229	190.916.126	-1.726.102	1.29%		

According to the DG DEFIS audit guidelines and the 2020 audit Work Programme³⁷, the entities other than ESA and GSA are audited every two years. However, the **EEA** has been audited again in 2020 since risks and errors were identified during the 2018 and 2019 audits. The audit, carried out on the 2019 Annual Implementation Report, revealed a positive error of -1.23% over a total cost claimed of 12.1 M€.

Result indicators: Indicators of annual error – EEA

<i>(Amounts in €)</i>	Reported by EEA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2016	4.871.854	4.691.072	-180.782	3,71%		
Financial Report for 2017	not audited					
Financial Report for 2018	18.407.180	16.912.013	-1.495.167	11.99%		
Financial Report for 2019	12.118.540		132.508	-1.23%		

FRONTEX was in a similar case and an audit was carried out in 2020 on the 2019 Annual Implementation Report. The audit concluded an error rate of 0.07%, which means the mitigating measures and recommendations provided during the previous audits of 2018 and 2019, benefitted the Agency. Considering that DG DEFIS is not the parent DG of FRONTEX, its supervision activities are focused on the implementation of the tasks delegated to the Agency under the signed Delegation Agreement (DA). The DA ensures that the Commission, the European Anti-fraud Office and the Court of Auditors or their authorised representatives, may at any time during the implementation of the entrusted tasks and up to five years after the payment of the balance carry out checks and audits on the implementation of the entrusted tasks.

Result indicators: Indicators of annual error – FRONTEX

³⁷ Ares(2020)7403058

<i>(Amounts in €)</i>	Reported by FRONTEX	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2017	6.505.198	7.875.846	1.370.648	0,00%		
Financial Report for 2018	9.723.273	9.746.664	23.391	-0,25%		
Financial Report for 2019	8.369.994	8.364.342	5.652	0,07%		

In 2020, an audit on the 2019 Annual Implementation Report of **EMSA** was carried out by DG DEFIS. An error amounting to 0.05% over a total costs of EUR 9.4 million occurred.

EMSA

<i>(Amounts in €)</i>	Reported by EMSA	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2017	6.421.992	6.076.446	-345.546	5,38%	345.546	
Financial Report for 2018	not audited					
Financial Report for 2019	9.378.446	9.382.383	3.937	-0,05%		

An audit was also carried out on the 2019 Annual Implementation report of **SATCEN**. No error was found.

SATCEN

<i>(Amounts in €)</i>	Reported by SatCen	Commission Audit report	Adjustment	Detected error rate	Implemented amount via clearing of pre-financing	Amount to be implemented
Financial Report for 2017	1.969.701	1.985.199	15.498	0,00%		
Financial Report for 2018	Not audited					

Financial Report for 2019	6.078.214	6.078.214	0	0,00%		
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No audits have been carried out in 2020 on **EDA** as only pre-financing were paid in 2020.

Although the detected error rates during the ex-post control in 2020 is very low, all decentralised agencies were given a “theoretical” error rate of 0.5%, following the conservative approach mentioned above. It is to be mentioned that according to DG DEFIS audit guidelines, these Agencies are audited every 2nd year, unless a specific risk is raised. Ex-ante checks and regular monitoring is performed on these entities over the year to ensure legality and regularity of the transactions.

Based on the declarations of assurance provided by the Executive Directors of these decentralised agencies and the results of the performed ex-post audits, DG DEFIS considers the implementation of the delegated funds to be legal and regular.

Executive Agencies

In its capacity of parent DG, DG DEFIS supervises the control systems³⁸ of REA in the context of their direct delegation as Authorising Officer by Delegation (AOD). REA performed its ex-post audits in the context of a common audit strategy. REA produces its own AARs. The preparation of the Annual Activity Report of REA was supervised by DG DEFIS and by the Steering Committee of the Agency.

Overall, DG DEFIS considers that its supervision of REA is effective and appropriate.

(C) Procurement

Procurement under direct management only represents 0.47 % of the total 2020 DG DEFIS expenditure. The payments made in 2020 on own procurement amount to EUR 8.6 million.

³⁸ The control systems of the Executive Agencies are similar to those of their parent DGs.

The Relevant Control System template (RCS) n°4 for procurement in Annex 6 demonstrates how the control system in place in the Directorate-General addresses the risks related to this type of expenditure.

In 2020, 9 contracts with a value exceeding EUR 60,000 were awarded directly by DG DEFIS, representing a total contract value of EUR 29.8 million. The reader is referred to Annex 3, table 12 (4.2 % of this amount was awarded following a negotiated procedure without prior publication). These contracts do not include, however, contracts signed by the ESA in the name and on behalf of the Commission under ESA Delegation Agreements.

The procurement procedures applied in DG DEFIS involve a number of specific controls, which are fully in line with the applicable regulatory requirements. The benefit of these specific controls provides assurance on legality and regularity, transparency, equal treatment and proportionality of the public procurement and mitigates the risk of reputational damage.

Given the low error rate, there are no indication that a higher level of checks and controls would produce any supplementary benefits.

(E) Grants directly managed by DG DEFIS

DG DEFIS has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

The major part of the expenditure implemented in 2020 in direct management relates to the Defence programme (EDIDP and PADR). As it was the first year of implementation, only pre-financing was paid, no ex-post audits were performed.

2. Table Y on the estimated “cost of control” at the Commission level:

Relevant Control System	Ex ante controls			Ex post controls			Total	
	a	b	c	d	e	f	g	h
	EC total costs	funds managed (in EUR)*	Ratio (%)* a/b	EC total costs	total value verified and/or audited (in EUR)	Ratio (%) d/e	EC total estimated cost of controls (in EUR)	Ratio (%) g/b
RCS 1 : Budget entrusted to other entities	5,848,533	1,618,901,277	0.36%	321,169	1,781,687,866	0.02%	6,169,702	0.38%
RCS 3: Procurement	2,009,802	15,719,073	12.79%				2,009,802	12.79%
RCS 4: Grants	2,362,175	189,062,434	1.25%				2,362,175	1.25%
OVERALL estimated cost of control at EC level	10,220,510	1,823,682,784	0.56%	321,169	1,781,687,866	0.02%	10,541,679	0.58%

ANNEX 8: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

not applicable

ANNEX 9: Reporting – Human resources, digital transformation and information management and sound environmental management

Human Resource management

Objective: DG DEFIS employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission's priorities and core business

Indicator 1: Number and percentage of first female appointments to middle management positions

Source of data: Commission Decision SEC(2020)146 of 1 April 2020 and SYSPER

Baseline Female representation in management: 56%, 5 out of 9 on 1 February 2020	Target Number of first female appointment to middle management position) by 2022: 1 female HOU appointment out of 2 in total (50%	Output 2020: 1 first female appointment
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Indicator 2: DG DEFIS Staff engagement index

Source of data: Commission pulse surveys 13 and 14 2020/2021

Baseline 60% ³⁹	Target 2024: 70%	65% (compared to Commission average of 69%)
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Internal Communication actions

Output/ Result	Indicator	Target	Latest known results (situation on 31/12/2020)
Creation of DG DEFIS intracomm website	Number of visits	1.000 visits	11.332 visits
Creation of weekly internal newsletters 'DEFIS BUZZ'	Number of recipients and readers	200 readers	231 readers/edition
Creation of monthly Policy Briefs	- Number of editions	- 3 editions - 200 readers	- 1 edition - 561 readers

³⁹ DG DEFIS was created end of 2019 by the transfer from DG GROW of Directorates I and J. The staff engagement index for these two directorates was 60% in 2018 and was taken as baseline for DG DEFIS.

	- Number of recipients and readers		
Organisation of a DG DEFIS Away-day	Number of participants and satisfaction survey	200 participants	200 participants
Organisation of regular meeting(s) of the Director-General with the staff	Number of participants and quality of interactions	200 participants	3 editions 220 participants/edition

Digital Transformation and information management Objective: DG DEFIS is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission

Main outputs in 2020:

Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Issue a joint DEFIS/GROW modernisation plan	Percentage reflecting the degree of implementation top 3 most expensive IT solutions.	2020	N/A, IT solutions of DG DEFIS are still in development.
Appoint an Information Resource Manager (IRM)	Number of staff	2020	1
Conversion of personal data legacy notifications into records.	Number of legacy notifications requiring conversion.	100% of legacy notifications fully converted.	N/A Not legacy notifications had to be converted
Increase staff awareness in DG DEFIS on personal data protection rules.	- Percentage management attending awareness raising activities. - Percentage of staff attending	- Management: 20%. - Staff: 20%.	40% of DEFIS staff was reached by awareness raising activities and trainings (87 out of 219). This figures reflects the combined effort of

	awareness raising activities.		<p>DPC-led internal trainings and the trainings organised at corporate level.</p> <p>100% of staff reached, including management, by internal communication mailings or DG notes to the attention of all units;</p> <p>No attendance information is available on the breakdown per staff category for trainings.</p> <p>No dedicated management awareness raising activities were organised.</p>
Map degree of implementation of data protection procedures	<ul style="list-style-type: none"> - Number of records due. - Number of privacy statements due. 	<ul style="list-style-type: none"> - Percentage of records prepared. - Percentage of privacy statements prepared. 	<p>0% with 2 records initiated (in draft) in 2020 which are pending for finalisation in 2021 100%; with 22 privacy statements validated by the DPC</p>
DEFIS IT systems complying with data protection rules.	- Number of DEFIS IT systems.	- Percentage of DEFIS IT systems complying with data protection rules.	<p>0% with two IT tools identified for review of data protection rules:</p> <ol style="list-style-type: none"> 1. DEFEND (local and restricted evaluation tool) 2. COPERNICUS CEMS (Emergency Management Service) <p>Records/privacy statements are in</p>

			preparation.
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Indicator 2 (Mandatory) : Percentage of DG DEFIS's key data assets for which corporate principals for data governance have been implemented

Source of data: DG DEFIS's key data assets

Baseline	Interim milestone (2022):	Target (2024)	Latest known results (situation on 31/12/2020)
0% ⁴⁰	25%	50%	Information not available.

Sound environmental management and example(s) of initiatives to improve economy and efficiency of financial and non-financial activities

Objective: DG DEFIS takes full account of its environmental impact in all its actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work

Main results and outputs in 2020:

Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Appoint an EMAS correspondent (ECOR)	Number of staff	2020	2
Issue DEFIS guidelines on EMAS	Distribution of guidelines	2020	In the context of COVID-19, most staff are teleworking. Guidelines will be issued at a later stage, possibly in 2021, with the return to working in the office. Following the EU Green Deal and climate ambitions and based on the results of an

⁴⁰ DG DEFIS did not complete a statistics and data inventory in 2020, as it has just been created on 1 January 2020

		<p>internal DEFIS study “Analysis of the Environmental Impact of the EU Space Programme”, (2020)” (also see Annex 2, page 8), DG DEFIS is seeking to include environmental criteria in the future Financial Framework Partnership Agreement to be signed with the European Space Agency (ESA) and the EU Agency for the Space Programme (EUSPA) in 2021, to promote sustainable implementation of the EU Space Programme.</p> <p>To further reduce its environmental impact, and in particular in the context of COVID-19, digital solutions were efficiently pursued</p> <p>The installation of water fountains was completed in the BREY building in close partnership with OIB and DG GROW, with which DG DEFIS shares its building.</p>
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Security and Information

Objective: DG DEFIS is ensuring a high level of protection of the sensitive and classified information it manages			
Main results and outputs in 2020:			
Output	Indicator	Target	Latest known results (situation on 31/12/2020)
Encourage security trainings	<ul style="list-style-type: none"> - Percentage of management attending awareness raising activities. - Percentage of staff attending awareness raising activities. 	<ul style="list-style-type: none"> - Management: 30%. - Staff: 30%. 	<p>35% staff (78 out of 219 staff)</p> <p>No attendance information is available on the breakdown per staff category for trainings.</p> <p>As part of the security clearance procedure, DEFIS staff are required to attend mandatory security training giving them the essential basics for handling classified documents for example.</p>
Staff security accreditation clearance	- Percentage of staff with personal security clearance or in the process of being security cleared	- all DEFIS staff: 80 %	77 % (155 cleared out of 202 personnel in the database)

ANNEX 10: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

1. ESA (European Space Agency)

Programmes concerned

- Global Navigation Satellite System (GNSS) programmes (Galileo and EGNOS)
- Copernicus programme, previously known as the Global Monitoring for Environment and Security programme (GMES)
- H2020 (GNSS and IOV/IOD)

Annual budgetary amount entrusted

(amounts committed in 2020 on a total delegated on 2014-2020)

- GNSS: EUR 437 million in 2020 for a total of UR 2.825 million
- GMES/Copernicus: EUR 438 million in 2020 for a total of UR 3.244 million
- H2020: EUR 12 million in 2020 for a total of EUR 230 million for GNSS upstream and EUR 96,5 million for IOV/IOD

Duration of the delegation

The current multi-annual Delegation Agreements were signed with the European Space Agency (ESA) in 2014 under the new EU MFF (2014-2020).

Justification of the recourse to indirect management

EC-ESA Framework Agreement of May 2004 establishing a general frame for cooperation aiming to link demand for services and applications using space systems in support of the Community policies, with the supply of space systems and infrastructures necessary to meet that demand, and which foresees that each party shall provide the other party with expertise and support in its own specific fields of competence.

The key role, competence and expertise of ESA being the European agency for research and development in the space domain, was recognised by the Resolution on the European Space Policy, unanimously approved by both the Council of the EU and the Council of the ESA, in Brussels on 22 May 2007 and confirmed by a further progress report on developments in the space domain presented to the Space Council in September 2008.

Justification of the selection of ESA

Indication in the legal bases: Delegation Decisions⁴¹, GNSS Regulation⁴², GMES Regulation⁴³ under the former EU MFF (2007-2013) and GNSS Regulation⁴⁴ and Copernicus Regulation⁴⁵ under the new EU MFF (2014-2020), H2020 regulation.

Summary description of the implementing tasks entrusted to ESA

- industrial procurement activities for the completion of the infrastructure
- system design, integration, validation and technical management activities
- project management and system prime activities
- implementation of risk management methods
- qualification of operation processes and procedure
- signal provision
- for Copernicus Space Component, in cooperation with EUMETSAT, performs Joint Operations Management

As detailed in section 2.1.1(A) of this report, 28 % of the DG DEFIS budget is delegated to the European Space Agency (ESA):

- 20 % for the Copernicus programme
- 7 % for the GNSS programmes (EGNOS and Galileo)
- 1 % for Horizon 2020

This annex provides details on the DG's supervision of ESA as Entrusted Entity.

ESA and its role in European space activities⁴⁶

ESA is an entirely independent intergovernmental organisation with 22 Member States. Not all EU Member States are members of ESA and not all ESA Member States are members of the EU. The two institutions have different ranges of competences and are governed by different rules and procedures. The two organisations share a joint European Strategy for Space and have developed the European Space Policy together.

ESA has been coordinating space activities through European programmes for more than 40 years. Its programmes are designed to find out more about Earth, its immediate space environment, our solar system and the universe, as well as to develop satellite-based technologies and services, and to promote European industries.

⁴¹ Commission Decision C(2008)8556 final of 17.12.2008 delegating powers to ESA in accordance with article 54 (2) (c) of Council Regulation (EC)1605/2002, for the performance of tasks linked to the implementation of the Galileo Deployment Phase (2008-2013), and C(2013)9015 lastly amending the delegation of powers to ESA

⁴² Regulation EC/683/2008 of 09.07.2008

⁴³ Regulation (EU) 911/2010 of 22.09.2010

⁴⁴ Regulation (EU) 1285/2013 of 11 December 2013 on the implementation and exploitation of European satellite navigation systems and repealing Council Regulation (EC) No 876/2002 and Regulation (EC) No 683/2008 of the European Parliament and of the Council

⁴⁵ Regulation (EU) 377/2014 of 3 April 2014 establishing the Copernicus Programme and repealing Regulation (EU) No 911/2010

⁴⁹ Formerly known as the GNSS Supervisory Authority.

The ESA Council is ESA's governing body and provides the basic policy guidelines within which ESA develops its space programmes. Each Member State is represented on the ESA Council and has one vote, regardless of its size or financial contribution. The EU as an institution is not a member of ESA.

EU/ESA cooperation in space: the general framework

The EU/ESA cooperation is a unique partnership of two leading European-level organisations providing joint leadership for Europe in the field of space. This cooperation was born from the shared belief that each partner needs the other to deliver on the public policy objectives, provide an appropriate political profile and a more coherent framework of space activities in Europe.

The cooperation has long-standing roots, with parallel EU and ESA Council Resolutions already in the 1990s, and in 2000 the creation of the first joint EC-ESA Paper, the European Strategy for Space, already showing the need for the two organisations to work together to develop the space policy agenda of Europe. Proposed by the Commission in 1999, the Galileo programme for radio navigation by satellite constituted the first large space project jointly funded by the Union and ESA.

This fruitful cooperation resulted in the conclusion in 2004 of the EC-ESA Framework Agreement, aiming at the progressive development of an overall European Space Policy by providing a common basis and appropriate operational arrangements for an efficient and mutually beneficial cooperation. In 2008, 2012 and 2016, the framework agreement was extended for a further 4 years.

1.1. ESA Delegation Agreements

1.1.1. GNSS Programmes (Galileo FOC, EGNOS)

According to EC Regulation 1285/2013 the Commission is responsible for the management of the European Global Navigation Satellite System (GNSS) programmes (Galileo and EGNOS). Within this legal framework the Commission entrusted ESA with the implementation of the Galileo Deployment Phase and the further implementation of the EGNOS Programme.

The Commission delegates to ESA the industrial procurement activities necessary for the implementation of the Full Operational Capability (FOC) phase of the Galileo programme and the development of the EGNOS programme. The measures financed under the GNSS Regulation must be implemented in accordance with the EU Financial Regulation *"without prejudice to measures required to protect the essential interests of the security of the EU or public security or to comply with EU export control requirements"*⁴⁹. The Delegation Agreement signed with ESA states that the procurement activities entrusted to ESA are implemented *"in full coordination with the Commission and in accordance with the EU Procurement Rules and specific guidelines of the GNSS Regulation"*.

⁴⁹ Formerly known as the GNSS Supervisory Authority.

The final decision concerning the award of the contracts as a result of Galileo FOC and EGNOS tenders is taken by the Commission following a recommendation of ESA. The contracts are signed by ESA in the name and on behalf of the Commission. ESA acts as an agent or representative of the EC, who remains the contracting authority.

ESA has a budget for its own operating costs under the three delegation agreements and provides details of the costs in its reports to the EC. This is valid for the costs until 30/6/2014 for Galileo FOC. As from 1/7/2014, ESA received for Galileo FOC a fixed remuneration covering all the tasks performed by ESA. For the EGNOS DA ESA provides details of its operating costs in its reports to the EC in relation to the activities covered still by this Delegation Agreement. A major part of the ESA remuneration for EGNOS activities is covered by the Working Arrangement (EGNOS) signed between GSA and ESA in 2015.

GALILEO

The implementation of the Galileo programme is technically and financially complex. It consists of three phases: In Orbit Validation (IOV) (2003-2015), deployment phase (2008-2020) and exploitation phase (as of 2014).

Development phase: Galileo IOV (In-Orbit Validation)

Galileo's Development phase was partly financed by the EC and partly by ESA until 2008. An additional budget of **EUR 559.5 million** was necessary to ensure the completion of this phase. The grant covering IOV tasks was extended until end of 2018 in order to cover the finalisation of running industrial contracts.

Deployment phase: Galileo FOC (Full Operational Capability)

A multiannual Delegation Agreement was signed between the Commission and ESA on 19 December 2008 for the Galileo FOC activities. Under this agreement, particularly complex contracts were awarded for each of the six work packages foreseen, using the Competitive Dialogue procedure⁴⁸. This Delegation Agreement (ESA FOC) amounts to EUR 2,472.8 million.

A second Delegation Agreement for an amount of EUR 1,770 million was signed in July 2014 covering the Deployment phase for the 2014-2020 period (ESA FOC-DC). In 2016 and 2018 amendments have been signed to review the ESA remuneration and the industrial scope, making the total current delegated amount of EUR 2 825 million.

EGNOS

In April 2009 the EC acquired the ownership of EGNOS. In October of that same year, the EC declared that EGNOS' basic navigation signal was operationally ready as an open and free service.

⁴⁹ Formerly known as the GNSS Supervisory Authority.

The European GNSS Agency (GSA), who is responsible for the operations of EGNOS signed a contract with ESSP for the provision of EGNOS services until 2021. The contract will secure the continuous and safe provision of the three services offered by EGNOS (Open Service (OS); Safety-of-Life (SoL); and Commercial Service or “EGNOS Data Access Server” (EDAS)) and covers also maintenance and upgrading the EGNOS system infrastructure.

In parallel, a Delegation Agreement for the further development of EGNOS was signed in 2008 and lastly amended in 2014 between the EC and ESA for a total amount of EUR 161.5 million. The estimated costs for the tasks carried out by ESA include the industrial procurement activities (EUR 118.8 million), the Artemis signal provision (EUR 4.3 million) and the ESA costs as design and procurement agent (EUR 38.4 million).

Horizon 2020 ACTIVITIES

A Delegation Agreement was signed on December 2nd 2015 related to the evolution of GNSS technology for the period 2015-2020. Six transfers of funds for an amount of EUR 229.4 million have been signed so far covering activities taking place within the period 2015-2020.

Amounts entrusted by DG DEFIS to ESA in 2020

The Commission transfers funds into ESA's account four times a year upon the submission of a detailed forecast of cash needs and quarterly implementation reports. ESA makes disbursements from a dedicated bank account. The account makes it possible to identify the transfers made by the Commission and to distinguish operations covered by the Delegation Agreement from ESA's other operations. A specific tool was developed to control at milestone level the correct recording of cost and payments in one specific year. It improves considerably the ex-ante controls done by the Commission.

Funds transferred by DG DEFIS to ESA in 2020 under the GNSS Delegation Agreements amounted to **EUR 123.5 million** for Galileo FOC, **EUR 17.3 million** for H 2020 activities.

DG DEFIS supervision of the funds entrusted to ESA

According to provisions contained in the Delegation Agreements, monitoring of the implementation of the delegated funds can be structured under four main headings:

- 1. Regular monitoring of activities**, including programme management, through desk monitoring and participation in ESA relevant meetings:
 - The Commission attends ESA Council meetings as well as subordinate bodies for all matters related to the GNSS programmes.
 - Programme management meetings between ESA, GSA and the Commission are held in general every month to review the monthly report/dashboard and in particular the management and technical implementation of the programme. The Commission also closely monitors the technical implementation of the programme through on-the-spot visits or through ESA segment project reviews with ESA segment responsables.

- A monthly Directors meeting has been set up to discuss the status of the programme and the way forward.
- The Commission follows very closely the procurement procedures carried out by ESA by participating in key stages of the process and in many meetings dedicated to procurement. Moreover, the final decision concerning the award of any contract is taken by the Commission. Before the contract award decision is taken by DG DEFIS (upon recommendation from ESA), the DG performs tailor-made independent ex-ante verifications at the key stages of the GNSS procurement procedures (call launch, tender evaluation, post-information and contract signature).
- The Commission has the right to attend every meeting related to the implementation or procurement of activities funded under the Delegation Agreements. The Commission therefore attends in the Galileo and EGNOS Program change control Boards, Tender Steering Committees, ESA Tender Evaluation Board and Galileo and EGNOS Project Change Control Boards.
- Reporting and recording of exceptions: each deviation from an established policy or procedure made under exceptional circumstances is documented and justified and approved at the appropriate level. A register is maintained and the relevant information systematically screened to identify significant risks.
- A joint EU-ESA task force has been established during 2012 to examine appropriate actions to be taken in light of audit findings, with also a view towards establishing suitable implementation/control mechanisms for post-2013 EU-ESA partnership arrangements. The DG DEFIS GNSS Programme team closely monitors the implementation of previous years' audit results and takes the necessary measures to deduct non-implemented adjustments from following payments.

2. Monitoring through ESA reports

- The Agreement obliges ESA to provide details of the activities carried out in the following reports: quarterly, annual, ad-hoc and final reports which contain detailed information about the implementation of the contracts, the costs incurred, and an update on estimated completion date and milestones and, in the final report, an inventory list of the assets handed over to the Commission. These reports include Key Decision Points (milestones for the implementation) of the GNSS programmes, through which it is possible to assess whether functional, financial or scheduling targets are met and if corrective measures are necessary.
- In the Annual Implementation Report ESA notably provides an overview of the year, an overview of the content of the risk register over the past year, including the results and effectiveness of any risk analysis and mitigation actions and a summary of the audits carried out by ESA and their main findings.
- Dedicated teams of technical and legal DG DEFIS staff carefully analyse these ESA reports and carry out on-the-spot visits when necessary.

3. High level management reporting

- Monthly meetings are held between the DG DEFIS and ESA Directors-General. The Director-General is briefed about all problems detected and which need to be addressed by ESA.
- Key DG DEFIS reports are prepared on the management of EU funds by ESA:
 - The DG DEFIS Management Plan (MP) shows the specific objectives and tasks necessary to achieve the general objectives. A set of indicators facilitates the monitoring process.
 - Mid-term report on the achievement of the objectives set in the MP.
 - Monthly financial monitor of budget execution.
 - Biannual report to the Commissioner on management and internal control issues.
 - DG DEFIS Annual Activity Report (AAR).

4. External (performance) monitoring by independent bodies:

- In 2013 and 2014, a re-assessment of ESA's control systems (accounting, internal control, own audit and procurement procedures) was outsourced by DG GROW to an independent external audit firm. Both assessments confirmed that ESA applies the EU procurement rules and its own audit, accounting and internal control rules and procedures which offer guarantees equivalent to internationally accepted standards.
- OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the EU funds under the Delegation Agreement. Due to the high amount of the payments to ESA and the Court's sampling methodology, audits are performed on a regular basis by the Court of Auditors.
- Feedback from the Commission's Internal Audit Service (IAS) and the European Court of Auditors (ECA) is provided. DG DEFIS systematically monitors the implementation of the action plans resulting from these financial and performance audits and duly reports on progress.
- Independent experts assist the Commission with regard to programme implementation and make recommendations in particular regarding risk management.
- In addition, the Director General of ESA asked an independent Commission composed of experts from leading Space Agencies to perform an analysis and to provide recommendations on plausible further improvements in the operational management of Galileo. This analysis resulted in five recommendations, which were addressed in 2014.
- The Galileo Inter-institutional Panel facilitates close cooperation between the EP, Council and the Commission and allows the three institutions to closely monitor GNSS

programme implementation, international agreements with non-EU countries, the preparation of satellite navigation markets, the effectiveness of governance arrangements and the annual review of the work programme.

1.1.2. Copernicus Programme

The Copernicus programme, previously known as Global Monitoring for Environment and Security (GMES) is an EU-wide flagship programme that aims to support policymakers, business, and citizens with improved environmental information. Copernicus integrates satellite and in-situ data with modelling to provide user-focused information services. The Copernicus programme reached full operational status in 2014 for the infrastructure and put in place all the necessary agreements for services by end 2016. It is an EU-led initiative carried out in partnership with the Member States and ESA.

The origin of GMES date back to May 1998, when institutions involved in the development of space activities in Europe made a joint declaration known as the "Baveno Manifesto". The Manifesto called for a long-term commitment to the development of space-based environmental monitoring services, making use of, and further developing, European skills, and technologies.

The GMES-Copernicus concept was first presented to the EU Gothenburg Summit in 2001 and resulted in a Council Resolution requesting the Commission and ESA to proceed with its implementation. Following an exploratory initial phase undertaken in 2001 – 2003, the EU and ESA jointly proposed a 2004 - 2008 action plan enabling to meet the Council's request.

In 2005, the Union made the strategic choice of developing an independent European Earth observation capacity to deliver services in the environmental and security fields, which resulted ultimately in Regulation (EU) No 911/2010 of the European Parliament and of the Council of 22 September 2010 on the European Earth monitoring programme (GMES) and its initial operations (2011 to 2013).

In the phase before 2006, EU and ESA contributed to the **development** of GMES-Copernicus through their respective funding programmes of the 6th EU Research Framework Programme and the ESA Earth Watch Programme with an amount of around EUR 200 million. After 2006, further funding was needed for the preparation and operation of the GMES-Copernicus **services**, as well as for the development of a dedicated **GMES-Copernicus Space Component (GSC)** of 5 Sentinel satellites.

Whereas the development of GMES-Copernicus services was continued (with increasing mutual technical consultation) within the separate funding programmes at EU and ESA, a mechanism was sought to contribute with funding from the multi-annual EU 7th Research Framework Programme to the ESA GSC Programme as adopted by ESA Member States Council in late 2005.

A GMES Delegation Agreement formalising a contribution of EUR 624 million was signed by EU and ESA on 28 February 2008 (amended on 28 January 2009). This Delegation Agreement was amended in June 2011, enhancing the contribution to a total amount of **EUR 728** million from FP7 and the GMES regulation budgets.

The GMES Delegation Agreement defined the modalities for (i) cooperation of the Parties in the development of the Space Component and (ii) the budget implementation tasks entrusted to ESA in the framework of the FP7 Specific programme “Cooperation” and its theme “Space”. It contains provisions as to the overall limit for ESA system design, integration, validation and technical management as well as for ESA management activities. It foresees a budget for ESA’s own operating costs, of which ESA provides details in its reports to the EC. The annual amounts paid to ESA were not calculated on the basis of actual cost incurred in that period, but were fixed in the text of the Delegation Agreement and subsequent transfers were agreed as cash advances.

In 2013 the Commission proposed a new Regulation under the new MFF for the continuation of the GMES programme under the name Copernicus which was adopted in the second quarter of 2014.

In implementing the tasks assigned to it under the delegation agreement, ESA applies its own audit, accounting, internal control and procurement rules and procedures which offer guarantees equivalent to internationally accepted standards.

In 2014, a new Copernicus Delegation Agreement for **EUR 3 148 million** (2014-2021) was signed with ESA for the continuation of the Copernicus programme. During 2018 an amendment increasing the total delegated amount to **EUR 3 244 million** has been negotiated with ESA. The amendment was finalised in January 2019. The transfers of funds to ESA under the Copernicus Delegation Agreement are based on annual and quarterly reports submitted by ESA together with forecasts of cost and cash-flow needs for the next period.

1. Amounts entrusted by DG DEFIS to ESA in 2020

The amounts are transferred to ESA on a quarterly basis by way of a cash advance. The pre-financing for 2020 related to Copernicus, at the total amount of EUR 365.7 million, was aimed at covering the expenditure for construction of recurrent satellites, operations, access to contributing missions data, pre-financing of payments and the internal costs of the agency for the implementation of the Copernicus activities.

2. DG DEFIS supervision of budget entrusted to ESA

Supervision of the tasks delegated to ESA is in line with the management mode chosen for the implementation of the Delegation Agreement, which implies reliance on ESA's own control mechanisms. Against this background, monitoring of the Delegation Agreement is carried out through:

- The Copernicus ESA Delegation Agreement (Article 11) which has established the key institutional guarantee of the Procurement Board, as a special body under the Agreement designed to optimise the execution of the procurements to be made by ESA. This arrangement takes due account of the respective roles and responsibilities of both ESA and the Commission during the execution of such procurements and provides a timely and cost effective procedure for management of the process. It is composed of Commission staff, subject to pertaining rules of conflicts of interest and it is being chaired by a Commission authorising officer under the Financial Regulation.

- Regular monitoring of the co-funded activities including desk monitoring and participation in ESA’s relevant meetings as appropriate (Article 4 of GMES agreement and article Article 20 of the Copernicus ESA DA)
- The Commission attends ESA Council meetings as well as subordinate bodies for all matters related to GMES-Copernicus.
- The Commission has the right to attend all meetings related to the review of system design and development as well as the evaluation of tenders for activities funded under the Agreements.
- The Commission reserves the right of auditing the procedures applied by ESA and the way the costs have been calculated.
- Due to the amount of the payments to ESA and the Court's sampling methodology, audits are performed on a regular basis by the Court of Auditors. (Article 29 of the Copernicus ESA DA).

3. Monitoring through ESA reports

The Delegation Agreement obliges ESA to submit to the Commission quarterly implementation reports, Annual Financial Reports to account for the use of EU and ESA funds spent on the development of the various GMES-Copernicus system components, a final report summarising the implementation of tasks covered by the Agreement as well as ad-hoc reports including information equivalent to that provided by the Commission to the Copernicus Programme Committee. (Article 19 of the Copernicus ESA DA)

Furthermore it foresees that ESA provides to the Commission its reports on ex-post controls in place – amongst others the audit of the Agency's financial statements provided by the independent ESA Audit Commission.

4. High level management reporting:

Monthly meetings are held between the DG DEFIS and ESA Directors-General. The Director-General is briefed about all problems detected and which need to be addressed by ESA.

Key DG DEFIS reports are prepared on the management of EU funds by ESA:

- The DG DEFIS Management Plan (MP) shows the specific objectives and tasks necessary to achieve the general objectives. A set of indicators facilitates the monitoring process.
- Mid-term report on the achievement of the objectives set in the MP.

5. External (performance) monitoring by independent bodies:

- Regular re-assessments, conducted in the past by independent external audit firms, of ESA's control systems (accounting, internal control, own audit and procurement procedures) confirm that ESA applies the EU procurement rules and its own audit, accounting and internal control rules and procedures which offer guarantees equivalent to internationally accepted standards.

- OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the EU funds under the Delegation Agreement. Due to the high amount of the payments to ESA and the Court's sampling methodology, audits are performed on a regular basis by the Court of Auditors.
- Feedback from the Commission's Internal Audit Service (IAS) and the European Court of Auditors (ECA) is provided. DG DEFIS systematically monitors the implementation of the action plans resulting from these financial and performance audits and duly reports on progress.

1.1.3. IOV/IOD

One of the main objectives of the Space strategy for Europe is to foster a globally competitive and innovative European space sector in particular by improving support to technological maturity, for sub-systems, equipment and technologies, including in-orbit demonstration and validation activities, to reduce time to market.

To ensure European non-dependence and competitiveness in technologies, there is a clear need for a regular, sustainable, cost-effective and responsive IOD/IOV service in Europe. Space flight heritage in real conditions and environment is often required to de-risk innovations such as new technologies, products, concepts, architectures, and operations techniques be they for unique or recurrent, institutional or commercial missions.

Although flight opportunities do exist, these are often difficult to find ad hoc at affordable cost and/or in the required timeframe, and at an acceptable risk for the main mission.

The main objective of the overall IOD/IOV activity is to provide a regular and cost-effective solution for common flight ticket actions (management, spacecraft design and possible reuse for multiple mission, Assembly, integration and Tests, launch and operations) based on European solutions both for the spacecraft (i.e. platform and aggregate of experiments) and for the ground and launch services.

In April 2019, the Commission and ESA signed an EU-ESA Contribution Agreement on Space Technology Activities laying down the rules for the implementation of the Action for the payment of the EU Contribution, and defines the relations between ESA and the Commission and the Transfer of Funds Agreement N°1 (for an amount of EUR 54 million). The total indicative commitment ceiling profile of the Action is estimated at EUR 96.5 million.

The Commission and ESA signed the Transfer of Funds Agreement No. 2 which complements the Transfer of Funds Agreements No. 1 (for an amount of EUR 42.5 million).

The amounts are transferred to ESA on a bi-annual basis by way of a cash advance. In 2020, the pre-financings for the two different Transfer of Funds amounts to EUR 10.4 million.

1.2. Supervision of ESA activities

Supervision of the tasks delegated to ESA is set in line with the EU-ESA Contribution Agreement, which implies reliance on ESA's own accounting and Internal Control System (indirect management mode). ESA applies its own procurement rules and procedures.

The assurance on the effectiveness of the internal control systems with regard to the legality and regularity of the costs reported is built on:

- ESA's control results and/or assurance:

- *Opinion of the external auditor*

The ESA's external Audit Commission gave an unqualified opinion on the Agency's 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019 financial statements, as ESA made significant improvements and achieved full compliance with the International Public Sector Accounting Standards (IPSAS).

- *Statement of Internal Control of the Director-General*

A Statement of Internal Control has been produced by ESA's Director-General confirming that the internal control system in place during 2019 provides reasonable assurance of achieving its operation, reporting and compliance objectives.

- *Reporting quality control at ESA*

In order to minimise any potential errors in the Annual Financial Reports submitted to the European Commission, the Agency developed a quality control on its reporting. All reports are verified by the Agency's Compliance Office before submission. Following several audits performed by the European Commission and the European Court of Auditors, the quality of the reports has been significantly enhanced.

- Authorising Officers by Delegation's own control results on the ESA's operations:

- *Results of the audits of the 2020 reports*

The DG DEFIS ex-post audit team continued to audit all the Annual Implementation Reports (AIRs) and Annual financial reports (AFRs) submitted by ESA.

The samples chosen by the auditors are statistically representative. They were chosen using different sampling methods ((i) stratified per cost segments/category and selection based on the value of the transaction and/or risky profile, or ii) full scope per cost segment/category). The detected error rate has been calculated as a comparison between the amount of errors and the audited amount of the AIR.

In 2020, the ex-post audit team of DG GROW performed an audit on the Copernicus/GMES programme (2019 financial reports). A sample of a total value

of EUR 246.774.094, representing 57% of the total costs claimed, was verified and no errors were found (no error detected).

One ex-post audit was also performed on the GNSS programme (2019 FOC and FOC-DC reports). The audit tests were performed on a full scope basis of all the costs declared for both the Delegation Agreements (for a value of EUR 8.893.341 for FOC and a value of EUR 179.597.871 for FOC-DC). For both Delegation Agreements no errors were found (no error detected).

Another ex-post audit on the H2020 programme (financial report 2018) was performed in 2019. A sample for a value of EUR 29.957.561, representing 86% of the total costs claimed was verified and no errors were revealed.

In order to improve the financial supervision of the entrusted Space entities regarding the financial use of European Union funds, the role of the Unit DEFIS.02 (former GROW 02) has been reinforced as from 2017. This Unit coordinates the financial management of the Space programmes within the Directorate-General.

As to procurement, the European Commission is represented by ESA who acts as its procurement agent by delegation.

In addition, an ex-ante assessment was finalised early 2014, covering the pillars identified in Article 154.4 of the EU Financial Regulation.

Transfers of funds to ESA are based on annual and quarterly reports submitted by ESA together with forecasts of cash-flow needs for the next period, all of which are checked before payments are made. In addition, on a yearly basis, all costs reported by ESA are verified by means of on-the-spot checks. In view of the multiannual perspective, the annual implementation reports of ESA for 2019 are due in 2020 and the findings will only be considered for the clearing of the related pre-financing once the ex-post audit will be finalised. They will be covered in the Annual Activity Report for 2020.

Against this background, monitoring of the EU-ESA Contribution Agreement is carried out through:

- The EU-ESA Contribution Agreement, which has established the key institutional guarantee of a Procurement Board (article 6), as a special body under the Agreement designed to optimise the execution of the procurements to be made by ESA. This arrangement takes due account of the respective roles and responsibilities of both ESA and the Commission during the execution of such procurements and provides a timely and cost effective procedure for management of the process.
- Regular monitoring of the activities including desk monitoring and on the spot checks.

1. Monitoring through ESA reports

The EU-ESA Contribution Agreement obliges ESA to submit to the Commission bi-annually implementation reports (annually and semestrial), a final report summarising the implementation of tasks covered by the Agreement as well as ad-hoc reports including

information to be used by the Commission to inform Horizon 2020 Programme Committee. (Article 9 of Agreement).

Furthermore it foresees that ESA shall keep accurate and regular records and accounts of the implementation of the Action. Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Regulations and Rules of ESA.

2. High level management reporting:

The EU-ESA Contribution Agreement states that ESA and the Commission will endeavour to strengthen their mutual contacts with a view to foster the exchange of information throughout the implementation of the Action. To this end, ESA and the Commission shall participate in coordination meetings and other jointly organised common activities.

3. External (performance) monitoring by independent bodies:

- Regular re-assessments, conducted in the past by independent external audit firms, of ESA's control systems (accounting, internal control, own audit and procurement procedures) confirm that ESA applies its own rules and its own audit, accounting and internal control rules and procedures which offer guarantees equivalent to internationally accepted standards.
- OLAF and the Court of Auditors or their representatives may also conduct documentary and on-the-spot checks on the use made of the EU funds under the Delegation Agreement. Due to the high amount of the payments to ESA and the Court's sampling methodology, audits are performed on a regular basis by the Court of Auditors.
- Feedback from the Commission's Internal Audit Service (IAS) and the European Court of Auditors (ECA) is provided. DG DEFIS systematically monitors the implementation of the action plans resulting from these financial and performance audits and duly reports on progress.

2. Other Entrusted entities - Copernicus

The budget is implemented through procurement and own activities on the basis of three Copernicus Delegation Agreements. They foresee in Article 5 direct costs for the implementation of the entrusted tasks as well as indirect costs linked to the implementation of the entrusted tasks. The remuneration costs are identified in the Agreement and do not exceed 7% of the total of the direct eligible costs.

The Copernicus Delegation Agreements foresee two requests for payment each year to cover the expenditure needs of the respective Entity. At this stage compliance with the DA articles related to the monitoring of the action is verified, i.e.: approval of the quarterly implementation report covering the preceding financial year and prior adoption of the Copernicus annual work programme.

Financial audits of the entrusted entities are performed on a yearly basis (for the first time in 2016). All entrusted entities will also undergo compliance audits during the lifetime of their delegation agreements.

2.1. EUMETSAT (European Organisation for the Exploitation of Meteorological Satellites)

<p>Programmes concerned</p> <p>Copernicus Infrastructure</p>
<p>Annual budgetary amount entrusted</p> <p>Amounts transferred in 2020: EUR 52 million</p>
<p>Delegation Agreement</p> <p>The multi-annual Delegation Agreements were signed with the European Space Agency (ESA), EUMETSAT, Mercator Océan and ECMWF in 2014, in line with the current EU MFF (2014-2020).</p> <p>The maximum amount to be delegated to Eumetsat under this Agreement was initially EUR 229 million. During 2018 an amendment increasing the total delegated amount to EUR 254 million has been negotiated with Eumetsat. The amendment was signed in January 2019.</p>
<p>Justification of the recourse to indirect management</p> <p>The key objectives of EUMETSAT being the European Organisation for the Exploitation of Meteorological Satellites are to establish, maintain and exploit European systems of operational meteorological satellites, and to contribute to the operational monitoring of the climate and the detection of global climatic changes. Its role as a contributor to the GMES/Copernicus programme was recognised by the Council Resolution on Taking Forward the European Space Policy adopted on 26 September 2008.</p> <p>EU Regulation No 377/2014 of 3 April 2014 which established the Copernicus Programme confirmed EUMETSAT as an Entrusted Entity to take over responsibilities in operating the dedicated missions and providing access to contributing mission data.</p>

Justification of the selection of EUMETSAT

The Copernicus Regulation stipulates that the Commission shall conclude delegation agreements with ESA and with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT) entrusting them with tasks related to the Copernicus space component for the period 2014-2020.

Summary description of the implementing tasks entrusted to EUMETSAT

According to its mandate and expertise EUMETSAT has been entrusted with the operations of dedicated satellites and instruments (Jason-3, Sentinel 3 for marine observations and Sentinels 4, 5 and 6) and the respective ground segment, including the distribution and dissemination of Copernicus data. The financing specified above covers the expenditure for operations, access to contributing missions data, pre financing of payments and the internal costs of the agency for the implementation of the Copernicus activities.

2.2. Mercator Océan

Programmes concerned

Copernicus Services - Marine Environment Monitoring Service

Annual budgetary amount entrusted

Amounts committed in 2020: EUR 21 million

Amount transferred in 2020: EUR 25.4 million

Duration of the delegation

On 11 November 2014, a Delegation Agreement was signed with Mercator Océan for a total contract value of EUR 144 million for the seven years of the MFF (2014-2020). A first amendment was signed in 2020 to increase the budget up to EUR 147 million.

Justification of the recourse to indirect management

In the implementation of the Copernicus service component, the Commission may rely, where duly justified by the special nature of the action and specific expertise, on competent entities, such as the European Environment Agency, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX), the European Maritime Safety Agency (EMSA) and the European Union Satellite Centre (SATCEN), the European Centre for Medium-Range Weather Forecasts (ECMWF), and other relevant European agencies, or other bodies potentially eligible for a delegation in accordance with the Financial Regulation.

Justification of the selection of Mercator Océan

The Copernicus Regulation foresees that the Commission may conclude delegation agreements with competent entities entrusting them with tasks related to the Copernicus service components for the period 2014-2020.

Summary description of the implementing tasks entrusted to Mercator Océan

Coordination of the technical implementation of the Marine Environment Monitoring Service (MEMS) and dissemination/archiving activities, as defined in Annex I of the Copernicus Delegation Agreement.

The Copernicus Marine Environment Monitoring Service (CMEMS): The service has become fully operational in 2016 and supplies high value added products relevant to "Blue Growth" and marine environmental monitoring and climate. The number of users regularly accessing the products offered by CMEMS has continued to grow reaching nearly 15 000 users.

In 2019, all products now benefit from the operational Sentinel 3A and B constellation. A new release of the product portfolio was issued with improvements to white and green ocean monitoring. The Copernicus Ocean State Report #3 was published, highlighting changes in the marine environment due to climate change, an important contribution to the Sustainable Development Goal 14 (SDG 14). The number of registered users continues to grow and is now approaching 20,000."

2.3. ECMWF (European Medium Range Weather Forecasting Centre)

Programmes concerned

Copernicus Services

Annual budgetary amount entrusted

Amounts transferred in 2020: EUR 56.3 million

Duration of the delegation

On 11 November 2014, a delegation agreement was signed with ECMWF for a total contract value of EUR 291 million for the seven years of the MFF (2014-2020).

Justification of the recourse to indirect management

In the implementation of the Copernicus service component, the Commission may rely, where duly justified by the special nature of the action and specific expertise, on competent entities, such as the European Environment Agency, the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (FRONTEX), the European Maritime Safety Agency (EMSA) and the European Union Satellite Centre (SATCEN), the European Centre for Medium-Range Weather Forecasts (ECMWF), other relevant European agencies, groupings or consortia of national bodies, or any relevant body potentially eligible for a delegation in accordance with the Financial Regulation.

Justification of the selection of ECMWF

The Copernicus Regulation foresees that the Commission may conclude delegation agreements with competent entities entrusting them with tasks related to the Copernicus service components for the period 2014-2020.

Summary description of the implementing tasks entrusted to ECMWF

Coordination of the technical implementation of the Atmospheric Monitoring and Climate Change services and dissemination/archiving activities, as defined in Annex I of the Copernicus Delegation Agreement.

In 2019, the Entrusted Entity provided the Copernicus Atmosphere Monitoring Service and the Copernicus Climate Change Service in operational modes , involving in particular the following activities:

- Provision of data and products in an operational mode according to the product portfolio of CAMS and C3S;
- Development and procurement of the infrastructure required for the provision of both services, this includes the maintenance of back-up systems and service recovery mechanisms;
- Support of users through helpdesk, documentation, and preparation of training;
- Change management and corresponding continuous development work for the integration of newly available input data and response to user requests and findings from wider research activities; this includes the uptake of either test data sets or actual data from Sentinel missions;
- Communication and outreach to link existing and new users with the operational service.

2.4. OCCAr (Organisation Conjointe de Coopération en matière d'Armement)

Programmes concerned European Defence Industry Development Programme (Direct awards)
Annual budgetary amount entrusted Amounts transferred in 2020: EUR 1.1 million
Duration of the delegation The Commission signed two Contribution Agreements with OCCAR in November 2020 for the aforementioned tasks for a maximum total contribution of 137 M€.
Justification of the recourse to indirect management The EDIDP Work Programme 2019-2020 – C(2019)2205 envisaged that both actions ESSOR and MALE RPAS would be implemented under indirect management mode through a limited delegation of budget tasks entrusted to the Organisation Conjointe de Coopération en matière d'Armement (OCCAr).
Justification of the selection of OCCAr The technical qualification of OCCAr staff is more appropriate for implementing the grants, which are linked to procurement contracts funded by MS but also delegated to OCCAr.
Summary description of the implementing tasks entrusted to ECMWF Contribution Agreements with OCCAr: the delegated budgets will be managed by OCCAr through grants based on lump sums.

ANNEX 11: EAMR of the Union Delegations (if applicable)

not applicable

ANNEX 12: Decentralised agencies

The European GNSS Agency (**GSA**) is under the responsibility of DG DEFIS.

Furthermore, DG DEFIS has delegated budget implementation to the European Environment Agency (**EEA**), the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union (**FRONTEX**), the European Agency for Maritime safety (**EMSA**), European Defence Agency (**EDA**) and the European Union Satellite Centre (**SatCen**).

The table below provides the main details for the above decentralised agencies:

Agency	Policy concerned	DG DEFIS payments to Agency in 2020 (in € million)	
		Subsidy	Entrusted amount
GSA	<ul style="list-style-type: none"> ➤ <u>Mandated activities:</u> GNSS programmes – EGNOS and Galileo <i>Security (security accreditation, operation of Galileo Security Monitoring Centre)</i> <i>Commercialisation of the systems</i> ➤ <u>Delegated activities:</u> GNSS programmes – EGNOS and Galileo EGNOS exploitation Galileo exploitation <i>Contribution to the development of PRS (Public Regulated Service)</i> <i>Preparatory activities for exploitation of the systems</i> GNSS-related research <i>H2020</i> 	35.4	888.3
EEA	Space – GMES/Copernicus programme (European Land Service, and in-situ data coordination)	0	12
FRONTEX	Space – Copernicus programme – Copernicus Security Service	0	1
EMSA	Space – Copernicus programme – Copernicus Security Service	0	9.8
EDA		0	14
SATCEN-EAS	Industrial policy – manufacturing.	0	6.3

1. European GNSS Agency (GSA)

The European Global Navigation Satellite Systems Agency (GSA⁴⁹) was created by Regulation 912/2010 of 22 September 2010⁵⁰. The current legal base aligns the Agency's mandate with what is stipulated in the GNSS Regulation (No 1285/2013) and further develops the work the Agency has to undertake in the domain of security.

Among other tasks, GSA performs the implementation of the Galileo and EGNOS programmes, including programme management tasks, and is accountable for them. Those tasks are entrusted by the Commission by means of delegation agreements adopted on the basis of a delegation decision, and include:

- a) operational activities including systems infrastructure management, maintenance and continuous improvement of the systems, certification and standardisation operations and provision of services
- b) development and deployment activities for the evolution and future generations of the systems, and contribution to the definition of service evolutions, including procurement
- c) promoting the development of applications and services based on the systems, as well as raising awareness of such applications and services, including identifying, connecting and coordinating the network of European centres of excellence in GNSS applications and services, drawing on public and private sector expertise, and evaluating measures relating to such promotion and awareness-raising
- d) promoting the development of fundamental elements, such as Galileo-enabled chipsets and receivers

The main supervising body is the Agency's Administrative Board where the Commission is represented with four votes, alongside the Member States which have one vote each.

The GSA Regulation (EU) N° 912/2010 has been amended by Regulation (EU) N° 512/2014 of 16 April 2014, through which its contents have been aligned to the new GNSS Regulation. The Regulation:

- a) ensures an independent security accreditation scheme
- b) incorporates relevant elements of the Common Approach agreed between Council, Parliament, and Commission with respect to decentralised agencies to improve the coherence, effectiveness, accountability and transparency of these agencies, and
- c) ensures appropriate staffing of the GSA.

At the end of 2019, GSA had 138 staff and a budget of EUR 33.6 million.

1.1. Supervision mechanism

As concerns the Agency's **mandated activities**, the Commission's supervision is exercised as laid out in the Agency's basic act which confer certain responsibilities to the Administrative Board (of which the Commission is a member), and more specifically: Board appointing, adopting the Work Programme, supervising the budget and overseeing the set-up and operation of the Galileo Security Monitoring Centre.

⁴⁹ Formerly known as the GNSS Supervisory Authority.

⁵⁰ REGULATION (EU) No 912/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 September 2010 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 Council and amended by Regulation 512/2014 of 16 April 2014. The Regulation 912/2010 entered into force on 9 November 2010.

The Regulation also bestows additional rights on the Commission, namely the right of veto over the Work Programme and over the exercise of disciplinary authority over the Executive Director and the responsibility for preselecting the list of candidates for the post of the Agency's Executive Director.

As far as the **delegated activities** of the Agency are concerned, the Delegation Agreements in force provide for regular reporting from the Agency to the Commission on the work it has carried out and supervision of Agency's procurement activities by the Commission through a right of scrutiny before the launch of procurement processes and before the award of these procurements.

1.2. Supervision activities performed in 2020

In addition to the above, DG DEFIS also processed the budget request coming from the Agency and followed up on the budget procedure.

DG DEFIS participated actively in the meetings of the Administrative Board that took place in the course of 2020. It regularly informed the Board members of the state of play in other areas of the GNSS Programmes and intervened in discussions to ensure overall coherence of activities, in line with its mandate as manager of the GNSS Programmes.

The Commission exercised the supervisory tasks provided for in the existing delegation agreements. Regular implementation reports and procurement documentation submitted by the Agency were revised for Galileo and EGNOS.

The Agency is closely involved in the security management of Galileo and the activities to achieve security accreditation prior to satellite launches. It also manages activities related to satellite navigation market preparation. For both areas, regular coordination meetings were organised between the Commission and the Agency.

GSA is audited annually by the European Court of Auditors (ECA) and the submitted annual financial/implementation reports (AFRs/AIRs) are also audited by external independent auditors.

DG DEFIS ex-post control team audits all annual financial/implementation reports (AFRs/AIRs) submitted by GSA. Errors detected in the AFRs/AIRs have no impact on the legality and regularity of the amounts paid to GSA, because amounts paid depend both on costs declared and on cash-flows forecasts.

Although DG DEFIS does not receive currently the results of the controls performed by GSA on the delegated costs, DG DEFIS acquires the necessary assurance on their efficiency through the performed ex-post audits (verification of procedures in place is made while verifying accuracy of figures of AIR), the declaration of ECA and the external auditors.

The DG DEFIS GNSS Programme team closely monitors the implementation of previous years' audit results and takes the necessary measures to deduct non-implemented adjustments from following payments.

2. European Environment Agency (EEA)

EEA has been identified as the organisation entrusted to implement the pan-European and local components of the GMES/Copernicus Initial Operations Land Monitoring Services. The implementation of this land monitoring service builds on the successful experience by EEA and European Environment Information and Observation Network (Eionet) with GMES land precursor services 2006, especially Image 2006, CORINE change layer 2000-2006, and the first high resolution layer on imperviousness, which provided an indicator for the level of anthropogenic sealing of soils.

As from the 1st of December 2014, EEA assumed the role of technical coordinator of the Pan-European and Local components of the Copernicus land monitoring service (Delegation Agreement (DA) signed on December 12014). The Copernicus land monitoring service is operational, and provides geographical information on land cover, land use, vegetation state and the water cycle.

The indicative profile of commitments in the budget of the EU for the entrusted tasks to be carried out by the EEA over the operational implementation phase 2014-2020:

- Pan-European component and local component: EUR 79 million
- Cross-cutting in situ component: EUR 8 million.

Pursuant to Article 14 of the Copernicus EEA DA, the Agency is to carry out its own ex- ante and ex-post controls including, where appropriate, on-the-spot checks on risk-based samples of transactions to ensure that the implementing transactions are legal and regular and that actions financed from the Union Budget are effectively carried out and implemented correctly.

The Agency has to comply with strict reporting obligations, set in Articles 21 to 24 of the DA, providing for regular annual implementation reports, quarterly reports, plus ad hoc and final reporting in view of the respective circumstances. Article 21 also requires the annual accounts to be accompanied by an opinion or draft/preliminary opinion of an independent audit body.

Besides, the Agency activities are in their turn subject to checks, audits, investigations and evaluations by the Commission, OLAF and the European Court of Auditors.

All these measures together provide for a solid supervision of the Agency's implementing activities.

3. European Border and Coast Guard Agency (FRONTEX)

The European Commission signed a Delegation Agreement on November 10th 2015 with FRONTEX to implement satellite-based information services dedicated to border surveillance, as part of the Security Service of Copernicus (the European Earth Observation and Monitoring Programme).

FRONTEX has to work with Member States and relevant actors in close cooperation with the Commission, making use of Earth Observation data and European industry capacities for increased border situation awareness and improved assessment of risk.

A service portfolio has been agreed with FRONTEX, with services grouped in three main categories: Land, Maritime and Environmental, all contributing to increasing situation awareness in South European and Western borders.

In 2018, Frontex continued the delivery of 11 different sub services of borders surveillance services.

The delegation agreement defines the means by which the FRONTEX can implement the entrusted tasks, in particular the budget and the actions to be implemented, in full compliance with Article 154(4) of the Financial Regulation.

The agreement has been negotiated on the basis of the implementation framework set by the relevant Commission Implementing Decision Commission Implementing Decision⁵¹ that authorised the Director-General of DG GROW to sign it after prior information to the Commission. The implementation period of the agreement runs until 31 December 2021. The maximum EU budget delegated amounts to EUR 47.6 million. These appropriations shall cover:

- (a) expenditure related to the implementation of the procurement and grant activities;
- (b) the remuneration of the Agency for the implementation of the entrusted tasks.

3.1. Supervision mechanism

The Commission, under the lead of DG DEFIS, monitors and assesses on a regular basis the implementation of the tasks delegated to FRONTEX. Such process is based, in particular, on the completion of the milestones as defined in the annual work programmes submitted by FRONTEX (Article 21 of the DA).

The DA ensures that the Commission, the European Anti-fraud Office (OLAF) and the Court of Auditors or their authorised representatives, may at any time during the implementation of the entrusted tasks and up to five years after the payment of the balance carry out checks and audits on the implementation of the entrusted tasks (Article 24 of the DA).

⁵¹ Commission Implementing Decision of 29.09.2015 on a delegation agreement with the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union in the Framework of the Copernicus programme (C(2015)4340 final).

The Commission may also carry out interim or final evaluations of the impact of the implementation of the entrusted tasks evaluated against the objectives of the Copernicus programme (Article 19 of the DA).

FRONTEX sets up and ensures the functioning of effective and efficient internal control systems, which are aimed at providing reasonable assurance as to the achievement of the internal control objectives as defined in article 32(2) of the Financial Regulation including notably the reliability, completeness and valuation of the inventories of the tangible and intangible assets produced or acquired under the programme (Article 7.2 of the DA).

The contracts tendered by FRONTEX do provide the ownership of all tangible and intangible assets developed or created to the European Union under the delegated activities (Article 18 of the DA).

3.2. Supervision activities conducted in 2020

The operational and budgetary discharge supervision is mainly based on the evaluation and verification of the submitted AIR by the entrusted entity, and the intermediately submitted Semestrial implementation reports (SIR) (Articles 20 and 21 of the DA).

4. European Maritime Safety Agency (EMSA)

With the Delegation Agreement signed by the European Commission with the European Maritime Safety Agency (EMSA) on December 3rd, 2015 the Agency is entrusted with the operation of the Maritime surveillance component of the Copernicus Security Service.

EMSA is committed to support the monitoring of the maritime areas, within and outside the European Union, using space data fused with other sources of maritime information.

Activities from the end of 2015 and throughout 2017 have been concentrated on the mobilisation of user communities, validating their requirements and building up capacities in EMSA to supply services onwards.

The delegation agreement defines the means by which the EMSA can implement the entrusted tasks, in particular the budget and the actions to be implemented, in full compliance with Article 154(4) of the Financial Regulation and with Article 40 of the rules of application of the Financial Regulation.

The agreement has been negotiated on the basis of the implementation framework set by the relevant Commission Implementing Decision⁵² that authorised the Director-General of DG GROW to sign it after prior information to the Commission. This Decision lays down the actions to be implemented, the amount of the entrusted funds and the conditions for their management in view of ensuring that tasks will be carried out within the limits of the budget allocated, the schedule foreseen and the performance expected. The

⁵² Commission Implementing Decision of 19.11.2015 on a delegation agreement with the European Maritime Safety Agency in the framework of the Copernicus programme (C(2015)3006 final).

implementation period of the agreement runs until 31 December 2021. The maximum EU budget delegated amounts to EUR 40 million. These appropriations shall cover:

- (a) expenditure related to the implementation of the procurement;
- (b) the remuneration of the Agency for the implementation of the entrusted tasks.

4.1. Supervision mechanism

The Commission, under the lead of the Copernicus services unit of the Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs and involving other services as appropriate, shall monitor and assess on a regular basis the implementation of the tasks delegated to EMSA. Such process is based, in particular, on the completion of the milestones as defined in the annual work programmes submitted by the entrusted entity (Article 7.2 and 19 of the DA).

The agreement ensures that the Commission, the European Anti-fraud Office (OLAF) and the Court of Auditors or their authorised representatives, may at any time during the implementation of the entrusted tasks and up to five years after the payment of the balance carry out checks and audits on the implementation of the entrusted tasks (Article 26 of the DA).

The Commission may also carry out interim or final evaluations of the impact of the implementation of the entrusted tasks evaluated against the objectives of the Copernicus programme. (Article 17 of the DA)

EMSA sets up and ensures the functioning of effective and efficient internal control systems which are aimed at providing reasonable assurance as to the achievement of the internal control objectives as defined in Article 36.2 of the Financial Regulation.

The contracts tendered by the entrusted entity shall provide for the Union with ownership of the results produced/developed in the process of implementation of the Copernicus tasks. (Article 16.1 of the DA).

4.2. Supervision activities conducted in 2020

The operational and budgetary discharge supervision is mainly based on the evaluation and verification of the submitted by the entrusted entity Annual Implementation report (AIR), and the intermediate submitted on Semestrial implementation reports (SIR) (Articles 19 and 20 of the DA).

No irregularities or weaknesses in the performance by the Entrusted Entity of the delegated tasks have been spotted for the years 2015, 2016, 2017 and 2018.

5. European Defence Agency (EDA)

The European Defence Agency performs tasks relating to the implementation of the Pilot Project on Common Security and Defence Policy (CSDP) research, including programme management tasks, and is accountable for them. This [Preparatory Action on Defence Research \(PADR\) programme](#) is launched by the Commission in June 2017 for a 3-year period. The tasks are entrusted to it by the Commission by means of a delegation

agreement and include the call preparation, evaluation follow-up and administrative management of the project on behalf of the Union.

The main supervising body is the Agency's Steering Board in which the Commission is represented without vote, alongside the Member States which have one vote each.

A Delegation Agreement is in force between the Commission and the Agency. EDA provides a regular reporting on the Agency's relevant activities to the Commission.

The Commission exercised the supervisory tasks provided for in the existing delegation agreement. Regular implementation reports and in particular documentation regarding the call for proposals submitted by the Agency were revised. The Commission also participated as observer at the evaluation of the proposals.

At the end of 2019, EDA has awarded 7 grants for defence technology projects for a cumulative amount of EUR 50.2 million, of which EUR 31.5 have been paid as pre-financing.

6. European Union Satellite Centre (SatCen)

The European Union Satellite Centre (EU SatCen, previously called EUSC) is an agency of the European Union (EU) since 1 January 2002.

SatCen's Director reports to a Governing Board chaired by the EU's High Representative for Foreign Affairs and Security Policy. The Board comprises one representative of each EU country and one Commission delegate.

On 6 October 2016, DG GROW signed the Copernicus SatCen Delegation Agreement. The agreement completes the operational architecture of the Copernicus Security Service and enables the deployment of its last component - the Support to EU External Action (SEA) service, with SatCen as Service operator.

The Copernicus Security Service will contribute to a number of crucial EU policies by improving crisis prevention, preparedness and response capacities, namely for enhanced border and maritime surveillance, and in support of the EU's external policies.

In implementing the service, SatCen will work in cooperation and build up synergies with the service operators for the two other components of the Copernicus Security Service, already put in place from the end of 2015. Frontex will act as service operator for border surveillance and the EMSA will implement the maritime surveillance component.

The indicative profile of commitments in the budget of the EU for the entrusted tasks to be carried out by SatCen over the operational implementation phase 2016 to 2021: EUR 28.3 million.

The Delegation Agreement is in force between the Commission and the Agency as from 6 October 2016. SatCen provides a regular reporting on the Centre's relevant activities to the Commission.