COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Mid term review of the eTEN Programme

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1.   **INTRODUCTION**

In accordance with article 14 of the eTEN Decision of the European Parliament and the Council establishing the Guidelines for trans-European telecommunications networks "the Commission shall submit a report on the implementation of this Decision during the period July 2000 to June 2004, to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions".

An evaluation of the eTEN Programme was commissioned from a consortium consisting of Ramboll Management and IDATE under the guidance of a steering committee appointed by the Commission. This took place between January and December 2004. The two objectives were:

- To evaluate *ex post* the implementation and performance in relation to objectives and results of the programme over the period July 2000 to June 2004, extended to include an assessment of the longer term socio-economic impacts of the programme,

- To evaluate *ex ante* possible programme re-orientations in the near future (until end 2006) and possible policy options for a new phase of the programme from 2006.

The "Conclusions and Recommendations" of the draft final report of this evaluation was made available to the eTEN Management Committee on 14 December 2004.

2.   **MAIN CHARACTERISTICS OF THE ETEN PROGRAMME**

eTEN is part of the Trans-European Networks Policy of the EU[1]. The financial basis for the award of grants is defined in the common TENs Financial Regulation[2] which also applies to TEN Transport and TEN Energy. The technical basis of eTEN is defined in a separate Guidelines Decision[3].

Following the previous review of the TEN Telecom programme[4], and also "the Special Report from the Court of Auditors"[5], Annex 1 to the Guidelines Decision was revised redefining the "services of common interest", and the programme

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[1]   The Trans-European Network (TEN) initiative is based on articles 154, 155 and 156 of the Treaty establishing the European Community, which set the objective of establishing Trans-European networks in the areas of transport, telecommunications and energy.

[2]   Regulation (EC) No 1655/1999 of the European Parliament and of the Council of 19 July 1999, amending Regulation (EC) No 2236/95 laying down general rules for the granting of Community financial aid in the field of trans-European networks (OJ L 197, 29.7.1999, p. 1).

[3]   Decision No 1376/2002/EC of the European Parliament and of the Council of 12 July 2002 amending Decision No 1336/97/EC on a series of Guidelines for trans-European telecommunications networks, (OJ L 200, 30.7.2002, p. 1)

[4]   Report from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions COM(2001)742 final - "Report on the implementation of Decision No 1336/97/EC on a series of guidelines for trans-European telecommunications networks."

[5]   Special Report No 9/2000 concerning trans-European-networks (TEN) - telecommunications, accompanied by the Commission's replies.

became known as eTEN. This re-orientation brought eTEN in line with new policy objectives defined in the Lisbon Agenda; with rapid developments in the telecommunications sector, especially the availability of new services and the new regulatory framework; and with new social and economic demands arising from the rapid development of the Internet. eTEN is now concerned with accelerating the takeup of trans-European eServices of common interest in the EU and is a support programme for the achievement of objectives defined in the eEurope Action Plan 2005.

In line with the subsidiarity principle, eTEN concentrates on support for the provision of trans-European eServices, as defined in the Guidelines Decision, leaving the provision of services required at national level to the Member States. The definition of "trans-European" includes pan-European, cross border and the satisfaction of needs in several Member States.

eTEN had an annual budget of around €45 million in the years 2003 and 2004 and operated mainly through the disbursement of grants following annual Calls for Proposals. This level of funding is expected to continue in 2005 and 2006.

eTEN supports two kinds of projects, so-called "Initial Deployment" projects and "Market Validation" projects. Initial Deployment projects are downstream and support the roll-out phase of an eService; they are funded at up to 10% of project costs. These represent a small fraction of funded projects. Market Validation projects are upstream and seek to validate the cost benefit of an eService; they are funded at up to 50% of project costs and represent the largest fraction of funded projects and proposals submitted.

3.   COMMISSION'S GENERAL APPRAISAL OF THE EVALUATION

The Commission accepts the Evaluation Report as being a fair assessment of the eTEN Programme during the period July 2000 to June 2004.

It is clear from the report that the eTEN Programme has a major role to play in the future deployment of the Information Society in Europe. Further, the Commission welcomes the report's acknowledgement that the programme is now well managed and that following its re-alignment in July 2002, it is now more strategically positioned and is a key part of Information Society policies. However, it is also clear that under its present form, eTEN will not achieve its potential and needs to be substantially re-cast in a more demand led form in a future follow-on initiative. Taking both the *ex-ante* and *ex-post* conclusions into account, the Commission is now engaged in the definition of such a new follow on Programme. The Commission also acknowledges the report's recommendations for the short and medium term and is engaged in improvements to the current programme.

4. **(*EX-POST*) CONCLUSIONS OF THE INTERMEDIATE EVALUATION (*EX-POST*)**

4.1. **Conclusion 1: The changes to the programme's legal base in 2002 has had significant positive effects on the implementation of the programme.**

It is clear that the positioning of the eTEN programme must be continuously assessed in this fast moving sector. Already the programme has moved from its telecommunications focus in the mid 1990s through an Internet focus and has now been integrated into the Community policy as a programme which addresses contemporary needs for public services, within the framework of eEurope. The Commission welcomes the report's findings that since 2002, projects and their deployment prospects have improved. It also agrees with the evaluation report's recommendation that the Programme should be further re-designed to optimise impact.

4.2. **Conclusion 2: Programme management and administration has been considerable improved.**

The Commission welcomes the findings on improved performance with the conclusion that eTEN is now a well run programme. The procedures for evaluation of proposals have been continuously improved and the Commission believes that they now represent good practice. eTEN has also strengthened its communication strategy, and managed to secure a high participation of New Member States in the 2004 Call. The Commission agrees that the financial administration is too cumbersome. An objective in the new programme will be to streamline the eTEN financial administration whilst maintaining compatibility with the Commission Financial Regulation.

4.3. **Conclusion 3: Impacts of the pre-2002 projects are limited so far, but there is considerable potential for producing more impacts.**

The Commission largely concurs with this and related conclusions, 6, 7 and 8. Essentially the evaluation points to an important role for eTEN but a need to re-design the Programme to strengthen its impacts. The pre-2002 projects were implemented according to the Guidelines Decision in force prior to July 2002. Nevertheless, the report also states that "most (pre-2002) projects resulted in some form of deployment" and also that "Many of these results would not have occurred, or occurred later, or on a smaller scale without the programme." The Guidelines Decision was brought up to date in July 2002 by introducing "a much stronger focus on the public sector." This and the improvements in management of the eTEN programme have resulted in post-2002 projects being "better prepared for deployment". In addition, "the new project mentoring initiative which aims at removing obstacles to the deployment of the results of market validation projects, will provide greater support for deployment, including the possibility for financial investment."

4.4. Conclusion 4: Successful projects are driven by strong players, often including end-users.

The Commission takes note of this conclusion. However, the Commission believes that the sustainability of successful project results requires the commitment of Member States to the provision of the service.

4.5. Conclusion 5: Many projects aiming at B2C and B2B markets have not been very successful.

These kinds of services are no longer targeted in the revised Guidelines Decision.

4.6. Conclusions 6: Weak participation of public partners in the projects constitutes a barrier to deployment and to achievement of large-scale impacts.

The Commission concurs with this Conclusion. The Commission's response is given in sections 5.1 and 5.6 below.

4.7. Conclusion 7: Deployment is often limited in scale:

The Commission concurs with this Conclusion. However, this conclusion is drawn from the results of projects prior to the re-orientation of eTEN in 2002. The Commission intends to carry out a similar impact assessment for later projects when they have been completed. Actions taken to improve deployment are given in sections 5.1 and 5.6 below.

4.8. Conclusion 8: Limited and/or delayed deployment results and limited achieved impacts so far.

The Commission concurs with this Conclusion. However, this conclusion is drawn from the results of projects prior to the re-orientation of eTEN in 2002. The Commission intends to carry out a similar impact assessment for later projects when they have been completed. Actions taken to improve deployment are given in sections 5.1 and 5.6 below.

4.9. Conclusion 9: eTEN plays an important role in the value chain from research to deployment.

The report's acknowledgement of the continued relevance of eTEN and its synergies with the research activities is welcomed. The Commission is committed to a balanced and holistic approach to research, deployment and regulatory activity in the area of information society. DG Information Society aims to strengthen such linkages by continuing to take lead responsibility for coherent and consistent management across all three of these areas.

5.   SHORT TERM *EX POST* RECOMMENDATIONS FOR THE CURRENT PHASE OF THE PROGRAMME

5.1.   **Recommendation 1: Strengthen Evaluation Criteria Further.**

The key stakeholders which are likely to ensure sustainable deployment are clearly public bodies. The Commission accepts the importance of sound business cases for public services as well as for the private sector and this issue will continue to be an important aspect of the evaluation criteria.

The Commission has modified the evaluation criteria significantly for the 2005 Work Programme by placing more emphasis on the deployment potential. A new award criterion has been introduced bringing even higher visibility and greater weight to this issue. The committed involvement of public bodies is already strongly promoted in the Information Campaign as well as in the reinforced award criteria. Further steps will be taken in 2005 in conjunction with the Management Committee to engage public bodies in the programme.

5.2.   **Recommendation 2: Give priority to replication of services that have demonstrated their sustainability and utility in a national context.**

Considerable emphasis is already placed in eTEN's information campaign on the importance of "Good Practice" and its re-use as a basis for eTEN proposals. The identification of "Good Practice" in New Member States is one of the objectives of an ongoing Study and the results will be widely promoted throughout the Community to promote replication.

Until now the identification of "Good Practice" has been left to the proposers but increasingly the Commission will address this issue in collaboration with Member States in the context of the so-called "Top Down Approach".

5.3.   **Recommendation 3: Integrate market validation and deployment in multi-phase projects.**

The Commission agrees to the concept of integrating Market Validation and Initial Deployment in multi-phase projects. This will require a change in the Financial Regulation which currently also applies also to TEN Transport and TEN Energy. This issue will be given full consideration in discussions on the future evolution of eTEN in relation to the proposed follow up programme from 2007 onwards and which will require a new legal base.

5.4.   **Recommendation 4: Continue the push for an increase in the overall funding ceiling for projects.**

Taking into account that few good quality initial deployment proposals have been received, it seems that the eTEN constituency has substantially rejected the current funding ceiling of 10%. It has been demonstrated that this level of funding does not cover the overheads, the extra costs and the risk of implementing a "trans-European" service. All information available to the Commission supports the necessity of the increased funding level of 30% and is urging the necessity of a positive decision in time for use in contracts in 2005.

5.5. **Recommendation 5: Define project objectives and milestones in terms of concrete results, not deliverables.**

The Commission recognises the importance of putting greater emphasis on milestones and concrete results rather than producing deliverables. The Commission needs certain deliverables in order to judge the effectiveness of the consortia and progress towards meeting project objectives. Some deliverables, especially those of an administrative nature, are a mandatory part of the contract. Nevertheless contracts normally include many more paper deliverables decided by the consortia. In the latest round of negotiations the Commission has started to question the need for all the deliverables proposed by consortia with the objective of keeping these to a necessary minimum.

5.6. **Recommendation 6: Continue refinement of the Work Programme.**

The Work Programme for 2005 takes into account experience gained from previous Calls for Proposals and recommendations made in the evaluation report. The legal base requires the thematic approach but a cross cutting approach has been introduced whereby all proposals are required to address relevant "eInclusion" and "Trust and Security" issues. There is an increased emphasis on deployment through the addition of an award criterion dedicated to this issue and greater emphasis is placed on the leading role which public bodies should be playing. The administrative load has also been lightened by simplifying the template for the proposal structure and also for the first time by allowing electronic submission as well as submission on paper.

The Commission will continue with this process of refinement in 2006 within the limits set by the legal base. In particular, during 2005 the Commission will assess the potential for implementing a demand driven approach in conjunction with the current bottom up approach based on Calls for Proposals.

6. **ASSESSMENT OF POTENTIAL OPTIONS FOR A FUTURE PROGRAMME**

The Report discusses 5 options for the future. The first three of these are presented as theoretical possibilities and their analysis draws attention to the essential role of the programme in filling a gap between research and market roll-out which is not filled by other Community initiatives. The Commission agrees that "it would be too risky to completely abandon the bottom-up type of approach".

The Report identifies a need for a major change in the current form of the programme and proposes an optimal mix of approaches including a more co-ordinated strategy which is led by demand. Under this approach, requirements would be defined by committee and projects would be implemented by a public procurement procedure. The Commission will investigate the prospects for applying the Open Method of Coordination to support policy learning, good practice exchange, benchmarking and better co-ordination of strategies across local, regional and national activities.

To a significant extent, the increase in productivity required for the realisation of the Lisbon objectives will be realised through the use of effective eServices. The Commission takes note of the objective recommended in the Evaluation Report for the future programme which is *"To contribute to the deployment of eServices (or eSolutions) addressing key needs of the public sector, as well as interoperability of services and systems across borders, thus helping to reduce the barriers for citizens and companies to participate fully in the internal market and benefit from an efficient and effective delivery of public services."*

6.1. Change the intervention approach from supply-driven to demand-driven: Addressing key issues

The Commission agrees with the conclusion (see section 5) that there is a need to introduce services in the common interest defined in a more strategic, co-ordinated fashion. Experience shows that the use of Open Calls for Proposals does not lead to the coordinated implementation of trans-European public eServices. A variety of mechanisms for a more co-ordinated approach including those described in section 6 above will need to be evaluated when defining the follow up programme.

6.2. Improve leverage of eTEN funds

The Commission agrees with the statement "If real impacts are to be achieved, projects should address a significant part of the demand in selected areas." The "Top Down" approach addressed in section 6.1 implemented with the assistance of Member States will play a crucial role in identifying the demand. The deployment of larger scale services in the common interest will need both a larger budget than is currently available and will depend on the availability of more attractive conditions of participation than those offered by the current 10% limit which the stakeholder community have clearly rejected as being too small.

7. CONCLUSIONS

The Commission broadly welcomes this report and the timely opportunity it provides to support new thinking in policy formulation.

The Commission followed the work of the contractor in order to identify improvements early. **As a result, most of the recommendations have already been incorporated in the Work Programme for 2005 as described in section 5 above.**

In view of the conclusion of the Evaluation Report stating that "The overall objectives of eTEN are fully in line with the Lisbon Strategy", recommendations of a longer term nature have been taken into account as described in section 6 above in re designing the programme as a key element in a new initiative to follow-up eEurope 2005, namely the i2010 initiative launched by Commissioner Reding on 1 June 2005. Furthermore, the Competitiveness and Innovation Programme[6], which includes a

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[6] COM(2005)121 of 6.4.2005: Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation Framework Programme (2007 – 2013).

proposed follow-up programme to eTEN, has been adopted by the Commission[7] and submitted to the European Parliament and Council as part of the new Financial Perspectives.

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[7] In view of this general revision, the Commission will not make a separate proposal to revise Annex 1 to the current Guidelines Decision, which will consequently lapse on 31 December 2006, except in respect of calls for proposals which have already been published in the Official Journal before that date.