Final Report

Evaluation of the Executive Agency for Competitiveness and Innovation

12 May 2011

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1.   Evaluation Aims and Research Activities

The objective of this study was to evaluate the second three years of operation of the Executive Agency for Competitiveness and Innovation (EACI). The evaluation covers the operation of the EACI between 1 July 2008 and 31 December 2010.

Article 25 paragraph 1 of Council Regulation (EC) No 58/2003 that lays down the statute for executive agencies stipulates that 'An external evaluation report of the first three years of the operation of each executive agency shall be drawn up by the Commission and submitted to the steering committee of the executive agency, to the European Parliament, to the Council and to the Court of Auditors'. Furthermore, Article 25 paragraph 2 stipulates that 'The evaluation shall subsequently be repeated every three years under the same conditions'.

The research was undertaken between November 2010 and March 2011. As an input to the evaluation, CSES carried out an interview programme with EACI staff and parent DGs to obtain views on how the Agency has performed. In addition, the research involved obtaining feedback from the beneficiaries of programmes that are managed by the EACI. The purpose of this aspect of the research was to examine how the EACI has handled specific project management tasks (project application and award procedures, monitoring, financial aspects, etc). Other research activities included survey work and desk research, as well as a workshop which was attended by the EACI's Heads of Unit and several Steering Group members.

2.   Overall Conclusions

Overall, the EACI is performing well and is an efficient and effective delivery mechanism for the initiatives for which it has operational responsibility. The challenges faced by the EACI when it was established were considerable. Apart from setting up the Agency itself, these challenges included taking over new programmes, tackling shortcomings with existing ones, and helping the Enterprise Europe Network to come into being. The EACI successfully tackled these tasks and although there is scope for further improvement, feedback from key stakeholders and final beneficiaries is almost universally positive with regard to the Agency's performance.

3.   Specific Conclusions and Recommendations

The rationale for outsourcing operational responsibility for programmes to the EACI remains valid. The factors that led to the delegation of tasks to the EACI to deliver the programmes and initiatives it is currently entrusted with, namely the need to recruit and deploy staff outside Commission employment constraints and to deliver services efficiently and effectively at low cost, remain valid. Therefore the relevance of the Agency is as high now as it has ever been.

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The EACI has been able to take over and manage efficiently and effectively the various programmes and initiatives entrusted to it despite s ome major challenges it faced. These challenges varied by programme/ initiative (see below). However, a common factor was the need for the Agency to quickly develop the capacity to manage the activities transferred it to ensure continuity in the delivery of programmes.

The EACI only took over responsibility for managing the Enterprise Europe Network in 2008 and so its track -record in this role is still too short to judge definitively. However, what can be said is that the early stages of the launch and operation of the Network were very difficult for all concerned. In this context, the EACI performed well in successfully tackling the challenge of not only taking over operational responsibility for a very large Network, but also bringing about the restructuring of EICs and IRCs. The Agency has supported development of the Network, encouraging a fusion of the disparate capabilities of the various partners and making them aware of the importance of monitoring performance. Complications have arisen and some re main (e.g. with regard to the IT tool) but these seem to be essentially teething problems. But this should not detract from an otherwise positive achievement. The feeling is that it is now time to build on what has been achieved, to have more confidence in the motivation and capabilities of the partners and to develop a more flexible and supportive approach – one more firmly based on partnership rather than direction from above.

Overall, the implementation of the Eco -Innovation Initiative by the EACI has been both effective and efficient with 100% absorption rates and high levels of satisfaction indicated by stakeholders. The Agency has established the processes and procedures that allow for efficient project application, selection, contracting and monitoring. Flexible and effective mechanisms have contributed to the success of th is initiative as reflected by the increasing number of applications over time. At present, Eco-Innovation has a relatively small bu dget of around €35 million. Looking ahead, an increase in the budget may require an increase in human resources and a strengthening of the IT tools to help cope with increased activities.

Management of the IEE programme has been improving under EACI management and feedback from key stakeholders and final beneficiaries is positive. This is further evidenced through the increasing scope of the programme managed, and increasing flexibility and innovativeness in project management, and key indicators such as contracts signed, contract period, and payment delays , but also by the expert feedback provided by the EACI towards the beneficiaries and the policy officers in the parent DGs. As regards other internal performance targets the IEE monitors itself closely and would appear to be performing well.

The EACI also provides a much better environment for imp lementation of the Macro Polo programme . Judging by the EACI's own performance indicators, the Agency has steadily improved the implementation of the MP Programme . This conclusion is supported by feedback from the interviews and survey work for the

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evaluation. The Agency faced initial start-up problems with the MP Programme due to delays elsewhere which it seems to have successfully overcome. Overall, considering that the MP Programme only started under the EACI in 2008, it is still too early for a definitive assessment. Looking ahead, the number of MP projects is expected to increase due to a lowering of the threshold for financing projects from €3 million to €1.5 million. Bearing in mind the limited increase in staff foreseen to administer the Programme, there may be challenges in dealing with an increased workload.

In common with the other EACI-managed initiatives, the transfer of IPeuropAware to the Agency is seen as having been justified with benefits to the Commission and improved implementation of the initiative. Apart from efficient handling of operational aspects of the relationship with national patent offices, the EACI has played an effective role in promoting networking and the sharing of good practices.

In all the programmes and initiatives managed by the EACI, there is evidence to the effect that substantial efforts are being made to simplify and clarify information relating to calls, applications and procedures generally. However, feedback from beneficiaries suggests that there is still scope for continued efforts in this area, and it is particularly the case that new applicants for Commission support, who are not used to processes and procedures, are sometimes perplexed, whereas those who have been through the processes before are more prepared. Likewise, in relation to the Enterprise Europe Network, steps have been taken to simplify monitoring requirements. More generally, across all initiatives managed by the EACI, agency staff have proved responsive to queries from final beneficiaries.

> Recommendation 1: Action should be taken by the EACI to address specific issues highlighted by the research relating to the procedures being used to manage the Enterprise Europe Network, Eco-Innovation, IEE and Marco Polo. Feedback from beneficiaries indicated scope for improvements with regard to some aspects of application, contract management, monitoring and reporting in the case of some of the initiatives being managed by the EACI. These are in the main very detailed points (e.g. modifications to project documentation), highlighted in Section 3, and in some cases changes may not be appropriate. However, the EACI should consider the feedback from beneficiaries obtained as part of this evaluation and take action where appropriate.

4.   Overall Conclusions - Agency Level

The EACI has deployed financial and human resources efficiently. The budget for initiatives delegated to the EACI to manage increased during the 2006-07 period, but then increased at a more modest rate between 2008-10 (in fact declining slightly in 2009), that is, during the period covered by this evaluation. There is a similar pattern in the EACI's operating budget and human resources which have increased from 69 staff members in 2007 under the IEEA to 142 by the end of 2010. Whilst the number of

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seconded officials and temporary agents has remained more or less constant , since the EACI started operating, the number of contract agents has risen sharply.

Further evidence of efficiency is demonstrated by the fact that t he ratio between personnel classified as 'administrative support' and those fulfilling an operational role in relation to the EACI-managed programmes, has declined from 27% for the IEEA in 2006 to just over 15% in 2008, before increasing somewhat in 2009 to drop again to 16% in 2010.   As mentioned in Section 3.7.3, in the annual screenings on Human Resources carried out by DG HR for all executive agencies , the EACI has a ratio of administrative staff (defined differently to "administrative support") significantly below the average (10.2% for EACI in 2010, while the average of all executive agencies was 14.4%).

The ability to recruit staff from outside the Commission has meant that the EACI has been able to access specialised skills appropriate for its activities and build a good knowledge base in specialised technical areas which enables it to execute its tasks efficiently. The view is that this would not have been possible to the extent that it has happened in the Commission environment. Less positively, there has been a relatively high turnover of contract agents in some areas of the EACI's operations (particularly amongst Finance Officers) and limited mobility across units in the Agency.

> Recommendation 2: Ways should be found of improving EACI staff retention. The average period of staff remaining at the Agency at present is under three years, and the relatively high turnover rate, while not without some benefits, incur s costs for the Agency that could be avoided and reduce operational effectiveness. It may be necessary to tackle this jointly with other Executive Agencies as it could involve changes in current regulations .
>
> Some steps that might be taken include: examining ways of making it eas ier for contract agents to be promoted; how to make it possible for contract agents to move up in pay within a grade more easily; non -cash benefits (e.g. career development support).

The EACI has put systems in place that have led to continuous strengthe ning of project management. Although here are still some improvements to be made in this area, especially as regards IT, and in particular there is a need for improvement in the Network, a lot has been achieved to ensure efficient delivery of programmes. Moreover, the EACI has shown flexibility by taking on board feedback from its beneficiaries and shown initiative by developing new solutions to meet project management requirements. Feedback from beneficiaries of the various initiatives is generally very p ositive.

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> Recommendation 3: Further IT improvements need to be made throughout the Agency's systems to enhance performance. As regards individual programmes managed by the EACI, this is particularly necessary in the case of the Enterprise Europe Network where an effective, reliable IT backbone for delivery of services and support with administrative functions is needed. Developments are under way with the network's IT systems but there are still risks involved with their implementation and they are still not what was envisaged in 2006 and 2007 when consortia and their members started to develop work programmes for the Network. The Agency's systems generally should be developed in line with best practice in project management software systems.

By developing synergies between the programmes and initiatives it manages, the EACI has been able to get closer to beneficiaries and increase the visibility of the Commission as the source or these programmes and initiatives. This has also meant that the Agency is able to access a wider pool of potential bidders for the calls it initiates. A further role played by the Agency has been to promote networking and other forms of 'animation'. Apart from the Enterprise Europe Network, good examples of this are to be found in IPeuropeAware where the EACI has been very effective in promoting collaboration between national IP offices.

> Recommendation 4: Where appropriate, more emphasis should be placed on developing of a client relationship management approach to managing portfolios of clients. The aim should be to increase proximity to beneficiaries and while building on the well-established project management approach in the Agency, more emphasis would be placed on partnership-oriented working.
>
> This applies especially to the Enterprise Europe Network. One of the key recurring themes from the research as regards the relationship between the EACI and the Network is the view that the EACI is not close enough to the day-to-day activities of Network members. A more relationship management-oriented approach of the EACI would improve this situation. This could, for example, involve temporary secondments, or more monitoring visits.

Steps have been taken to ensure that the knowledge obtained by the Agency in the course of its operations and interaction with beneficiaries and markets is captured and disseminated to parent DGs, although within some programmes individuals did indicate concerns as to the extent to which this was happening. In some areas, such as IEE, a great deal is being done to ensure that DGs obtain this crucial feedback.

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Recommendation 5: Operational indicators used by the EACI should be further developed. In order to provide on-going updates and feedback on the effectiveness of programmes and initiatives to parent D Gs, rather than doing so at longer intervals of 2-3 years, the EACI should develop operational indicators (focusing on 'outputs' and if possible some 'results' but not 'impacts' – see below), in collaboration with parent DGs. Some aspects of this are alre ady in place in the EACI, but a more structured, on-going and systematic approach would reap more benefits.

Through the use of the Agency as an externalised option for delivery of services, savings to the Commission budget have been realised as planned w ith the initial establishment of the Agency, and are set to continue. These savings are substantial and largely the result of being able to pay contract agents less than Commission staff. On the whole the Agency has been able to keep administrative expense s at a low level compared to other Executive Agencies and Commission DGs. Reflecting this, it has kept a relatively high proportion of its staff in operational activities which has improved its effectiveness.

Recommendation 6: To demonstrate the effectiv eness of the EACI, there is also a need to develop indicators that provide more strategic information about projects, programmes and initiatives . This is easier in some areas of the EACI than others (e.g. there are particular difficulties devising indicato rs for "animation", or "promotion and dissemination" type activities) and the EACI should work with parent-DGs to develop indicators that are capable of tracking project and programme impacts across the full range of activities . Staff capabilities will need to be developed to handle this type of assessment to the extent that a more evaluative approach is needed, rather than purely monitoring, to assess impacts.

Recommendation 7: Given the successes achieved in the management of programmes and initiatives, the Commission might consider entrusting additional programmes to EACI management. In addition to the programmes operated by the four parent-DGs through the EACI, there are many other EU -supported SME -related interventions that could potentially be ha ndled by the Agency (assuming it is granted the necessary resources). This includes other programmes run by the four parent-DGs but also by other Commission services. A one -stop-shop approach to delivering programmes would help to maximise efficiency and c ould make it easier for SMEs to access assistance.

1. Introduction

This document contains the final report prepared by the Centre for Strategy & Evaluation Services (CSES) on the assignment 'Evaluation of the Executive Agency for Competitiveness and Innovation (EACI)'. The assignment was undertaken for DG Enterprise and Industry (DG ENTR).

1.1   Overview

The final report is structured as follows:

- Section 1: Introduction – provides an overview of the evaluation aims and methodology.

- Section 2: Background and Key Issues – summarises key features of the EACI and its development during the period under review, key issues, previous evaluations and other relevant research.

- Section 3: Performance of the EACI – examines how the EACI has performed in fulfilling its mandate, both in relation to the individual programmes it manages and overall.

- Section 4: Cost Benefit Analysis – presents the findings from the research on key issues from the terms of reference and cost benefit analysis.

- Section 5: Conclusions and Recommendations – summarises overall conclusions and presents recommendations on the EACI's development .

1.2   Resume of Evaluation Aims

The objective of this study was to evaluate the second three years of operation of the Executive Agency for Competitiveness and Innovation.

Article 25 paragraph 1 of Council Regulation (EC) No 58/2003 that lays down the statute for executive agencies stipulates that 'An external evaluation report of the first three years of the operation of each executive agency shall be drawn up by the Comm ission and submitted to the steering committee of the executive agency, to the European Parliament, to the Council and to the Court of Auditors'. Furthermore, Article 25 paragraph 2 stipulates that 'The evaluation shall subsequently be repeated every three years under the same conditions'.

The scope of this assignment was to evaluate the operation of the EACI starting from 1 July 2008 to 31 December 2010. This second evaluation of the EACI should have covered the period of 1 July 2008 - 30 June 2011 but the Commission decided to advance the evaluation to make use of its recommendations in the preparatory work for the next generation of programmes. The evaluation was coordinated by a Steering Group consisting of representatives from the four parent-DGs, Secretariat General and the EACI.

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The evaluation was undertaken in three phases, as summarised in the following chart :

Summary of Work Plan

Phase 1: Preparatory Tasks	Phase 2: Fieldwork and Other Research	Phase 3: Analysis and Final Report
➢ Kick off meeting ➢ Preliminary interviews ➢ Desk research ➢ Finalisation of methodology and work plan ➢ Review meeting	➢ Workshop ➢ Interviews – EACI and Commission DGs ➢ Survey work and beneficiary interviews ➢ Desk research, CBA and other tasks	➢ Detailed analysis of research findings ➢ Preparation and submission of draft final report ➢ Final report ➢ Review meeting
Inception Report	**First Findings Report**	**(Draft) Final Report**
21 Oct-12 Nov	12 Nov-17 Jan	17 Jan- 29 April 2011

Phase 1: Preparatory Tasks – a kick-off meeting with the project Steering Group, some initial interviews with key stakeholders and various preparatory tasks leading to an inception report (November 2010).

Phase 2: Interview Programme and Survey Work – during Phase 2, CSES carried out an interview programme (mainly face-to-face) with EACI staff and parent DGs to obtain views on how the Agency has performed. These interviews focused on issues such as the benefits from the parent DGs' perspective of transferring operational responsibilities for programmes to the EACI compared with managing them internally, how well the EACI has handled key tasks, etc. In addition, the Phase 2 research involved obtaining feedback from the beneficiaries of programmes that are managed by the EACI. The purpose of this aspect of the research was to examine how the EACI has handled specific project management tasks (project application and award procedures, monitoring, financial aspects, etc).

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The following table provides a summary of the interviews that were carried out . A list of the EACI and parent DG interviews is provided in Appendix A. With the exception of the beneficiary interviews, almost all interviews were conduc ted on a face-to-face basis.

Table 1.1: Phase 2 Interview Programme

Interview Groups	Number
EACI	27
Parent DGs	15
Beneficiary inter views	51
Total	93

At the same time as this evaluation was carried out, the programmes that are managed by the EACI were subject to separate evaluations. These evaluations focused on the programmes themselves and impacts being achieved rather than the role of the EACI per se. It was agreed with the Steering Group that to avoid the risk of survey fatigue, CSES should not carry out separate surveys of beneficiaries but rather include any questions for the Agency evaluation in the surveys planned for the prog ramme-specific evaluations. The following table summarises this aspect of the Phase 2 research:

Table 1.2: Phase 2 Beneficiary Surveys and Interviews

Initiatives	Survey Work and Beneficiary Interviews
Enterprise Europe Network	As part of another assignm ent, (EIP final evaluation) CSES completed a survey which included some questions on the EACI. Follow up telephone interviews were held with 15 Enterprise Europe Network Members.
IEE	Survey conducted by Deloitte with EACI questions provided by CSES. Telephone interviews undertaken by CSES with 11 IEE beneficiaries.
Eco-Innovation	16 beneficiaries surveyed by CSES for a separate evaluation (EIP final evaluation) which included questions on the EACI. Telephone interviews undertaken by CSES with 10 Eco-Innovation beneficiaries.
Marco Polo	Survey completed by Europe Economics (79 responses were received of which 66 were complete and form the basis of the analysis) and data on EACI questions supplied to CSES. Telephone interviews undertaken by CSES with 15 Marco Polo beneficiaries.

As part of the Phase 2 research, a workshop was held towards the end of January 2011 which was attended by the EACI's Heads of Unit and several Steering Group members. The workshop focussed on discussing first findings in relation to the various programmes managed by the Agency and the Agency -level key issues set out in the terms of reference.

Shortly after the workshop, CSES presented a first findings report (early February 2011). This set out the findings from the Phase 2 inter view programme and other research (but

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excluding the beneficiary interviews which were still underway at this stage) together with emerging conclusions. A considerable amount of feedback was obtained from the EACI and parent-DGs on the first findings report and this has been taken into account in drafting the current document.

In addition to the Phase 2 interview programme and survey work, CSES reviewed a large amount of documentation on the EACI including the Commission Decision setting up the Agency, an earlier evaluation and CBA, documents relating to the various programmes managed by the EACI as well as financial and other information provided by the EACI itself.

Phase 3: Final Analysis and Final Report – the final phase of the evaluation involved completion of remaining research, and further development of the assessment including the CBA, and preparation of the final report.

2. Background & Key Issues

This section examines the background to the evaluation – the role of the EACI, key evaluation issues and previous research.

2.1   Role of the EACI

The Executive Agency for Competitiveness and Innovation (EACI) is a successor of the Intelligent Energy Executive Agency (IEEA) which was established by Commission Decision 2004/20/EC to initially manage EU action in the field of energy in accordance with application of Council Regulation 58/2003. The IEEA started opera ting in 2005 and was the first Executive Agency established by the European Commission. On 31 May 2007, the Commission transformed the IEEA into the EACI . This was mainly in order to implement various aspects of the Competitiveness and Innovation Framework Programme (CIP).[1] Consequently, a new Act of Del egation was adopted on 9 July 2007.

The EACI is currently charged with implementing the following initiatives - the Intelligent Energy Europe Programmes (IEE I and IEE II) as well as part of the Entrepreneurship and Innovation Programme (EIP), in particul ar the Enterprise Europe Network, Eco-innovation and IPeuropeAware initiatives. Additionally, the EACI is also in charge of implementing the Marco Polo I and II programmes[2]. Taken together, the Agency manages a budget totalling around €1.7bn over the perio d 2007-2013.

Executive Agencies created by Council Regulation (EC) No. 58/2003 were set -up to implement by delegation certain EU spending programmes .[3] The Commission remain s responsible for policy-making and overall supervision of activities delegated whilst operational aspects have been transferred to the Executive Agencies. The aim was to help the Commission maintain focus on policy and strategy whilst, at the same time, achieving more cost-effective delivery of programmes through specialized agencies.

In accordance with Council Regulation (EC) No 58/2003 , the Commission delegates the implementation tasks through an instrument of delegation which also defines the criteria, parameters and procedures with which the Agency must comply. Additionally, the instrument of delegation also lists the checks to be performed by the relevant Commission services. The Agency's annual work programme is subject to the Commission's approval and must comply with budgetary decisions. With each Executive Agency, the Steering Committee is responsible for adopting and submitting an Annual

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[1] Decision No 1 639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing Competitiveness and Innovation Framework Programme (2007 -2013)

[2] Regulation (EC) No 11692/2006 of the European Par liament and of the Council of 24 October 2006 establishing the second Marco Polo programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (Marco Polo II) and repealing Regulation (EC) No 1382/2003.

[3] Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes .

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Activity Report along with details of implementation of programmes and financial aspects. The Director of each of the Executive Agencies is responsible for implementation of the Annual Work Programme along with publishing and presenting of reports regarding the implementation of all the tasks delegated to the Agency via the Steering Committee.

Various audits are performed annually in the Agency by the Court of Auditors, the Internal Audit Services (AIS) and the Internal Audit Capabilities (IAC). Finally, each Executive Agency is also subject to external evaluation to be conducted every three years.

2.2 Key Issues and Evaluation Framework

Based on the EACI's objectives as set out in the Commission Decision and other documentation, it is possible to map out the rationale, main aims and desired outcomes in the form of an intervention logic ('how things should work'). Some features of the EACI intervention logic are specific to the particular activities it is responsible for implementing whilst others are shared with executive agencies generally. The diagrammatic summary of the EACI's intervention logic (below) provides an overall framework for the evaluation of the Agency's performance.

Figure 2.1: Summary of EACI Intervention Logic

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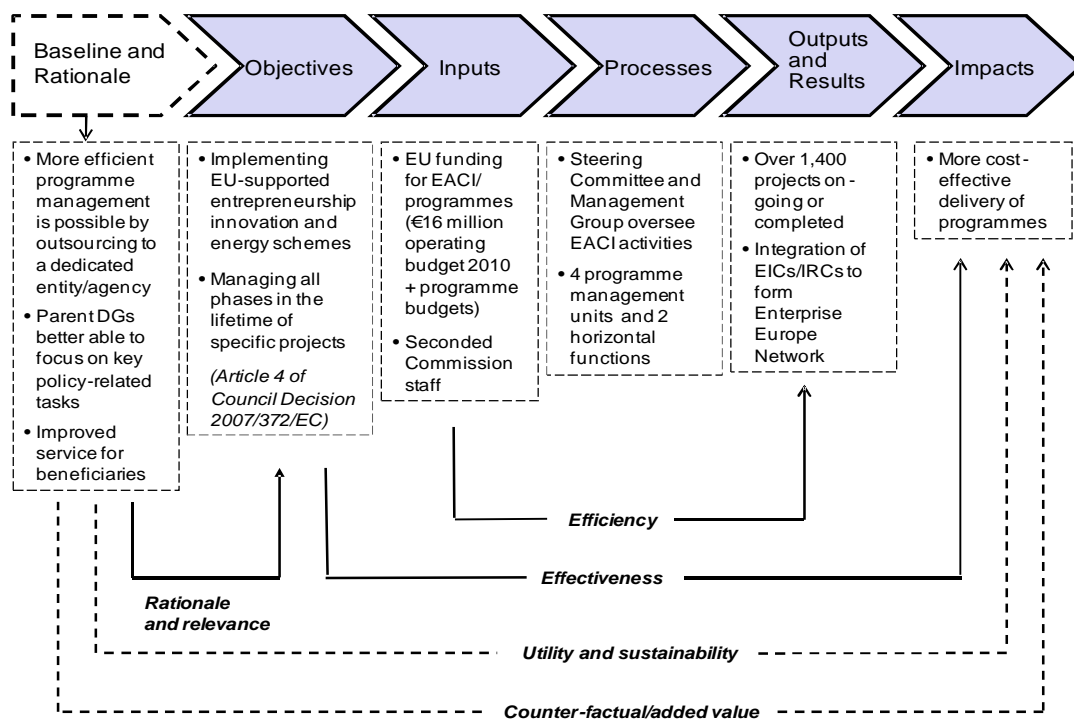
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Various key evaluation issues were defined in the Commission's terms of reference:

- Q.1:   To what extent is the Agency relevant to the needs it is intended to meet ?

- Q.2: To what extent is the Agency operating acc ording to the legal framework establishing the Agency?

- Q.3: To what extent has the Agency achieved its objectives?

- Q.4: To what extent has the Agency led to an improved management of the programme(s) and services to the stakeholders and addresses as compa red to the alternative options?

- Q.5: To what extent is the coordination between the Agency and the Commission services (including the parent DG, relevant horizontal services and offices) working satisfactorily?

- Q.6: To what extent has the Agency carried out its work efficiently ?

- Q.7: To what extent have the Agency's internal organisation and procedures been conducive to its efficiency?

- Q.8: To what extent has the Agency enabled the Commission to better focus on its institutional tasks ?

- Q.9: To what extent has the Commission, in the presence of the Agency, been able to maintain an adequate level of know-how in relation to the programme(s) entrusted to the Agency? How was this achieved?

- Q.10:   To what extent have the activities of the Agency resulted in unintended effects (both desirable and undesirable)?

In addition to these 'high level' questions, the terms of reference define in each case a number of more specific questions to be answered by the evaluation. These are considered in Section 3.

2.3   EACI Operating Framework

The six executive agencies share a common overall operating framework that is set out in Commission guidelines.[4] Agencies are expected to operate tailor -made

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[4] Guidelines for the establishment of the executive age ncies financed by the general budget of the European Union, SEC(2006) 662 final of 31 May 2006, p.6.

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implementation procedures contributing to efficient programme implementation, maintaining close contact with final beneficiaries and achieving high visibility for the EU. [5]

The diagram on page 9 sets out the framework that applies more specifically to the EACI. There are a number of key features:

- The Commission supervises the EACI's operations, at the highest level by setting out policy goals and the Agency's mandate (i.e. the Commission Decision). Its other key roles include providing the financial resources to the Agency required to run the organisation and to implement activities under the programmes entrusted to EACI management. The Commission, primarily through the Steering Committee, provides guidance and monitors its activities.

- In addition to regular monitoring reports, information on the implementation of programmes is fed back to the Commission via regular meetings between EACI and the Commission, minutes of EACI Heads of Units meetings etc. EACI is invited to the Programme Committees (composed of representatives of countries participating in particular programmes) to report on implementation of programmes managed by the Agency. Various performance indicators are used by the EACI to monitor implementation of projects (we consider these in more detail in Section 3). In addition to routine monitoring data, it is envisaged that the feedback provided by the EACI should include information to support policy-making in relation to the EACI-managed programmes.

- At the project level, the EACI is responsible for all stages in the project life cycle – appraisal of applications, awards and contracting, financial aspects, monitoring and evaluation. In addition to project management, the EACI is also responsible for the animation of the Enterprise Europe Network, including governance and training activities, internal and external communication and information services.

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[5] See footnote 4.

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Figure 2.2: Overview of EACI Operating Framework
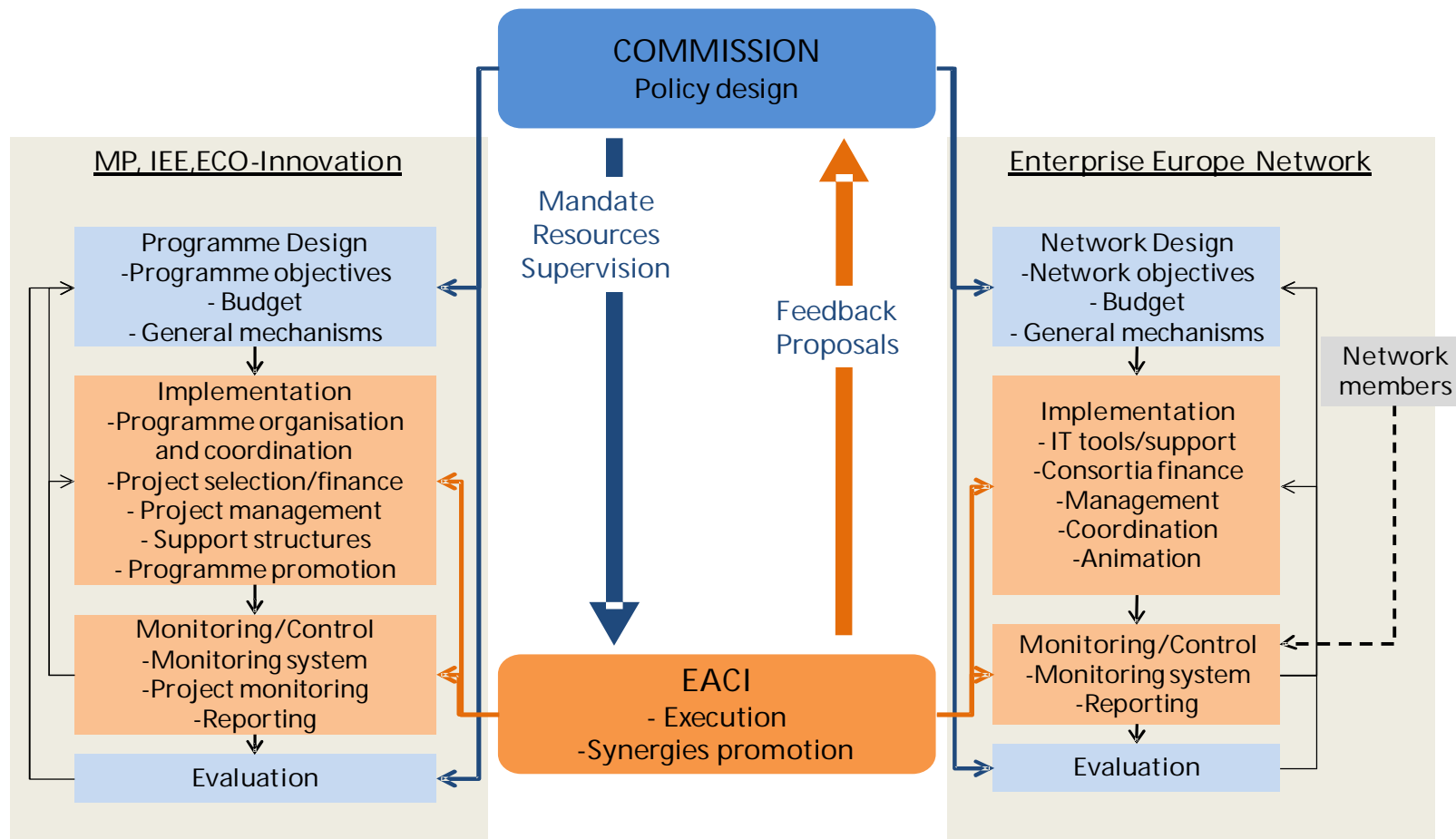
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2.4 Previous Evaluations and Research

The EACI has been subject to a number of previous evaluations and other assessments.

An evaluation of the IEEA/EACI cover ing the July 2005 to July 2008 period was published by DG TREN in May 2009[6]. The evaluation addressed a number of issues .

Firstly, in relation to the question on the extent to which elements of the Agency's framework was 'complementary, mutually supportive and non -contradictory', the findings of the earlier evaluation were positive. According to the report 'Overall, the set-up was correct. The meaning of certain elements in the legal framework were originally unclear, however they were solved during the course of previous ye ars'.

With regard to the division of responsibilities and tasks between the Agency and the Commission, the evaluation noted some overlap with regard to the implementation of the programmes (projects) and in communication activities where the EACI 'was associated to the Commission'. But, on balance, it argued that this was positive in ensuring a coherent approach but it made the relationship and the definition of responsibilities complex. According to the evaluation, the EACI had managed to create synergies, simplifications and economies of scale in the management of the different programmes and increased efficiency. The evaluation found that the Agency adopted an efficient financial process.

The overall cost-benefit analysis suggested that the externalisat ion of activities to an executive agency, i.e. the EACI, had resulted in savings to the EU's budget as compared to the scenario where these activities might have continued to be provided within the Commission DGs, or where the implementation of the activit ies would have been be split between the Commission DGs and an external agency. However, the evaluation also suggested that the operations of the EACI had also generated some unintended impacts. For instance, the creation of the Agency as a separate legal entity and its subsequent extension has required further clarification on the relations between the Commission services and the Agency especially as the multi -DG parentage had become more complex. Furthermore, although the visibility of the programmes and projects managed by the EACI has increased, the evaluation found that continuous close coordination between the Agency and the Commission is needed to limit the perceived risk of a decrease in the visibility of the Commission DGs as responsible authority f or the different programmes.

A number of recommendations were made in the 2008 external evaluation . A summary is provided below along with the response from the EACI and Commission DGs ('Actions' – in each case, we have summarised the EACI and parent -DG response contained in a document provided by the agency) :

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[6] 'Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation – (ex-Intelligent Energy E xecutive Agency)', Deloitte for the Directorate General Energy and Transport (DG TREN), 6 May 2009 .

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Table 2.1: Recommendations from 2008 Evaluation and Actions Taken [7]

Recommendations	Actions
Put in place a monitoring system to proactively define the human and financial resources needed to manage the Agency.	The EACI agreed with this. It argued that the required systems were already in place.
Develop a matrix structure which reinforces the role of the Resources Unit.	The EACI did not agree with this recommendation and no action has therefore been taken.
Continue its current efforts to simplify administrative procedures based on a through risk analysis.	The recommendation was accepted and action taken, e.g. the Agency reviewed procedures to comply with the payment times stipulated in the Commission communication.
Communicate to the beneficiaries throughout the life cycle of the project the project management structure.	The Agency did not understand what the consultants meant by this recommendation.
Communicate clearly on what has changed compared to previous calls for proposals.	The recommendation was accepted and was to be adopted for future calls for proposals.
Further optimise the use of the Intelligent Energy Europe National Contact points to enable them to effectively assist applicants.	The Agency argued that it was already making efforts in this direction within the constraint of the independent nature of the contact points.
Maintain its clear focus on financial process simplifications and improved IT support to decrease the number and length of the payment delays to final beneficiaries.	The Agency agreed with the recommendation and pointed out that delays were not the sole responsibility of the Agency. Since then the average payment delay has reduced from 34 days (2008) to 19 days (2010).
Provide Specific assistance to first time proposers.	The Agency responded that it is already carrying out this recommendation. The feedback from the beneficiary surveys and interviews conducted so far for Marco Polo and Enterprise Europe Network suggests the beneficiaries are satisfied with the information supplied to applicants and with the Agency's response to queries.
Collaborate with the Commission to decrease the length of the project management cycle.	The Agency indicated that they regularly discuss this with the parent DGs.
Look at the possibility to start using online reporting tools for the beneficiaries to report to the EACI.	The recommendation was accepted however the Agency also suggested the need for a cost-benefit analysis before launching such IT tools.
Update its manual on the contractual financial procedures by using administrative simplification methods.	The Agency did not take an action as it was not applicable with the current financial regulation.
Investigate with the support of DG BUDG the use of an interface between ABAC and the EACI's Project Management System.	The recommendation was already implemented.
Develop a clear and transparent talent retention strategy.	The recommendation was not accepted. The Agency did not agree with the figures (staff turnover of 16.7% among the FOs and POs between 2006 and 2008) and did not consider staff turnover a problem.

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[7] Source: Deloitte/ EACI

2. Background & Key Issues

In 2008, the European Court of Auditors produced a report focussing on the Intelligent Energy Europe Programme (IEE) 2003-2006.[8] The purpose of the report was to evaluate what difference the Agency had made to the management of the IEE.

As part of the research, a survey was conducted amongst beneficiaries comparing the management of the IEEA/EACI with previous arrangements, it was found that the Agency had "improved programme communication, "improved application documents", "reduced some of the administrative burdens on participants", and reduced the burden of financial reporting. The overall conclusion was that the Agency ha d made a good start. All the report's recommendations were directed at the Commission. The recommendations emphasized the need for monitoring and evaluating the Agency to generate useful feedback and give a programme level picture of its performance along with suggesting ways to maintain a link between policy objectives and projects implemented by the Agency.

Another report by the European Court of Auditor s on the decision to set up the Executive Agencies and their performance was published in July 2009 .[9] Examining the rationale behind setting up the Executive Agencies, the report argued this was mainly driven by constraints on employment rather than being based on the intrinsic features of the programmes themselves. Overall, the report argued that the Execu tive Agencies were delivering an improved service compared with previous arrangements. In relation to the question of costs and benefits, and taking costs first, the report argued that there have been net cost savings from setting up the executive agencie s although the extent of these savings is difficult to quantify:

> 'In terms of benefits achieved, there are clear cost savings stemming from the prevalence of lower paid contract staff, even when one considers the additional costs of the new posts created for supervision and support at both the Commission and the agencies. However, the actual amount of the savings depends on the redeployment of the Commission staff who were previously doing the work taken over by the agencies, and on the suppression of the contract staff posts within the corresponding programme s at the Commission. The lack of reliable information on the *ex ante* situation at the Commission does not allow the extent of the savings to be verified'.

Turning to the benefits, the 2009 Court of Audi tors' report went on to argue that, on balance, the executive agencies have proved advantageous:

> 'As a result of their specialisation in identifiable and specifically defined tasks, the agencies provide better service delivery in terms of reduced time for contracting, more rapid approval procedures for technical and financial reports and lower payment delays. Other qualitative improvements are the simplification of processes as well as increased external

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[8] Special Report No. 7/2008 by European Court of Auditors, "Intelligent Energy 2003 -2006".
[9] Special Report No. 13 by European Co urt of Auditors, "Delegating implementing tasks to Executive Agencies: a successful option?, July 2009".

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communication and dissemination of results, which co ntribute to enhance the visibility of the EU. On the other hand, the expected flexibility in hiring staff is not demonstrated.'

Looking ahead, the Court of Auditor's 2009 report foresaw constraints on the performance of the Executive Agencies arising from inflexible recruitment policies and recommended simplification of the procedures. The report also highlighted that "monitoring, whilst making use of a large number of indicators, was restricted to the management activities and did not cover the key aspec ts of effectiveness and efficiency". The report made recommendations that the agencies should be supervised more specifically on a results basis and the indicators should be target oriented.

Overall, the conclusions on the performance of the Executive Ag encies were positive. However, the Court of Auditors could not reach any concrete conclusions on cost -effectiveness.

3. Performance of the EACI

In this section we present the findings of our evaluation of the EACI's performance. The assessment is divided into three parts – an overview of the development of the EACI (Section 3.1), an assessment of the Agency's management of the programmes (Sections 3.2 to 3.6), and a review of Agency-level questions (Section 3.7).

3.1   Development of the EACI

In the period under review, the EACI's organisational structure has evolved with several changes being made. The most recent reorganisation was in late 2010 when the communications function previously assigned to units R (IEE, Eco-innovation, Marco Polo, EACI public relations) and unit 3 (Enterprise Europe Network) were brought together into a single horizontal Communications and Network Support Unit. The current structure is summarised below

Figure 3.1: EACI Organisation (December 2010)
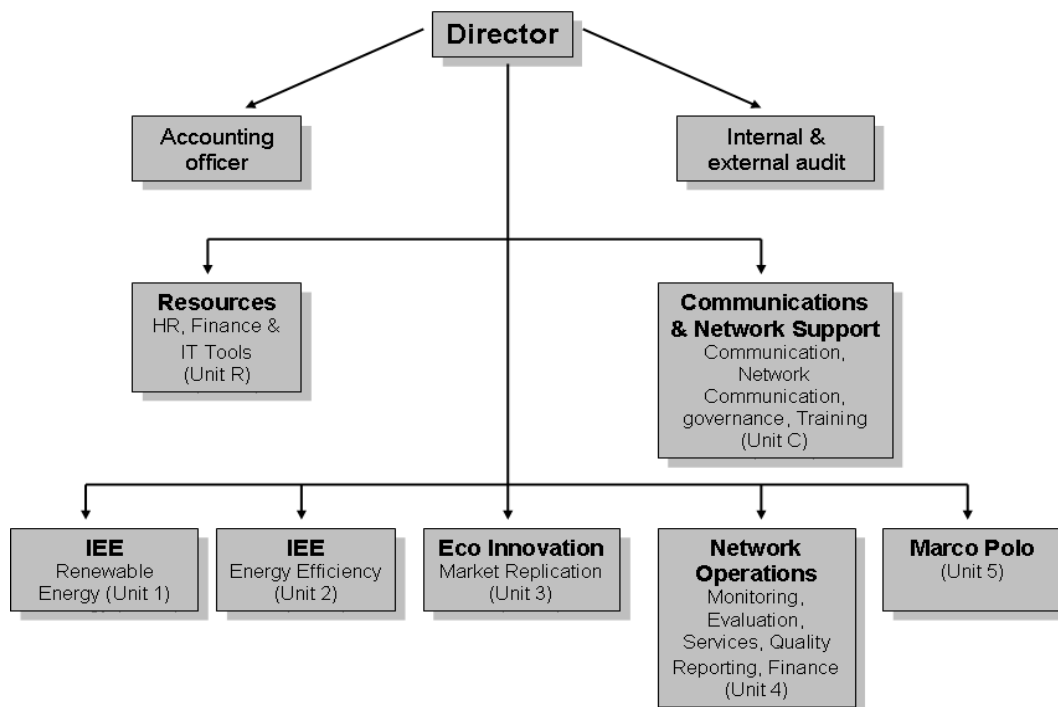
The budget for initiatives delegated to the EACI to manage increases during the 2006-07 period but then increased at a more modest rate between 2008-10 (in fact declining slightly in 2009), i.e. during the period covered by this evaluation. These increases reflect the pace of gradually taking over tasks delegated by the Commission.

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Figure 3.2: EACI Budget for Delegated Programmes 2006-2010
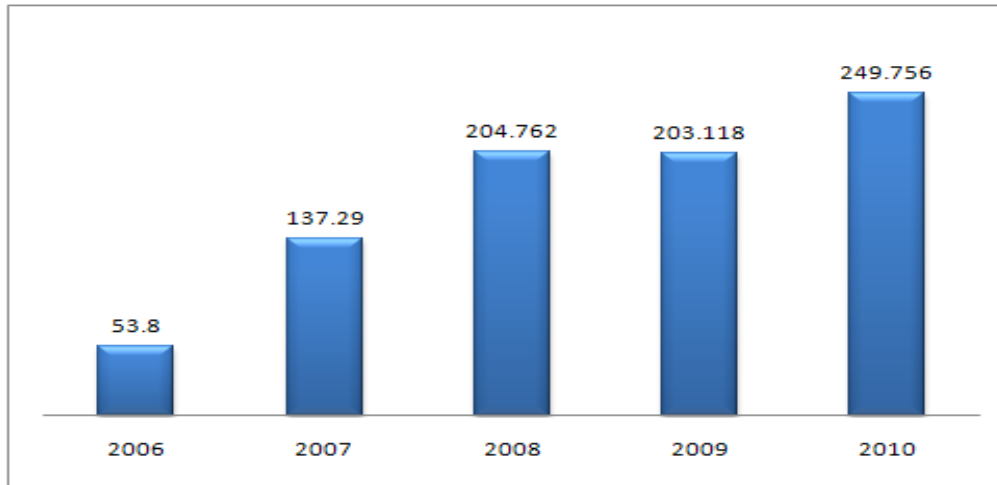
There was a similar pattern in the EACI's operating budget. Between 2006 and 2010 the Agency's operating budget rose from some €5 million to €15.4 million. The main increase occurred between 2007-08. Between 2008-10 there was more modest growth.

Figure 3.3: EACI Operating Budget 2006-10 (€ million)
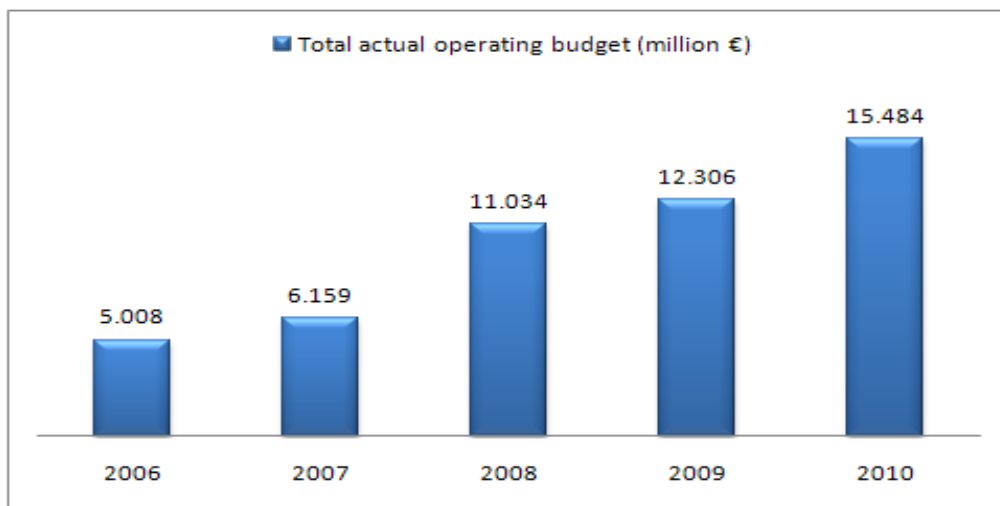
As Figure 3.4 shows, the human resources available to the Agency increased from 69 in 2007 under the Intelligent Energy Executive Agency to 14 2 by the end of 2010.

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Figure 3.4: Number and Type of EACI staff (2006-10)
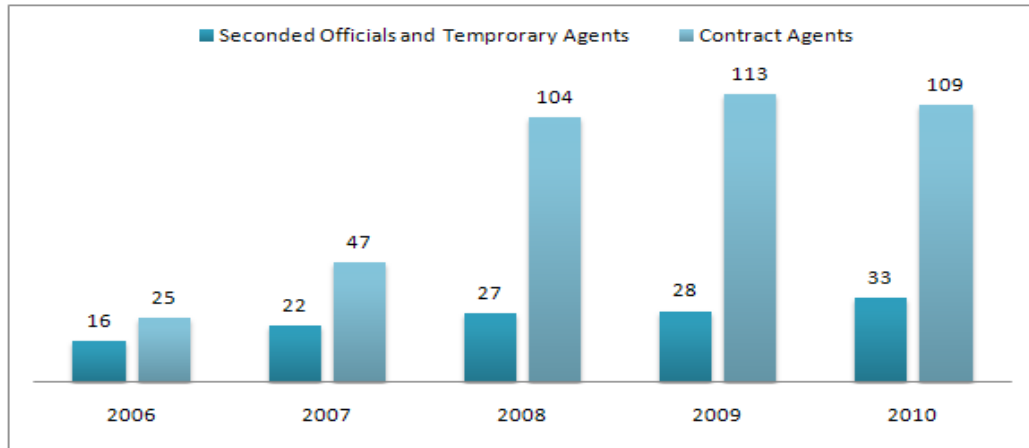
Source: EACI Annual Activity Reports and Quarterly Reports. These figures present the actual staff at 31 December of the year and may vary during the year.

As can be seen from the above chart, whilst the number of seconded officials and temporary agents has remained more or less constant since the EACI started operating, the number of contract agents has risen sharply. By the end of 2010, contract agents accounted for some 77% of the Agency's staff (this compared with 60% during the last year of the IEEA's existence). Staff assigned by the EACI to units dealing with the Intelligent Energy Europe and the Enterprise Europe Network account for some 65% of the Agency's total personnel (2010).

Figure 3.5: Number and Function of EACI staff by programme (2007-10)

Source: EACI Annual Activity Reports and Quarterly Reports

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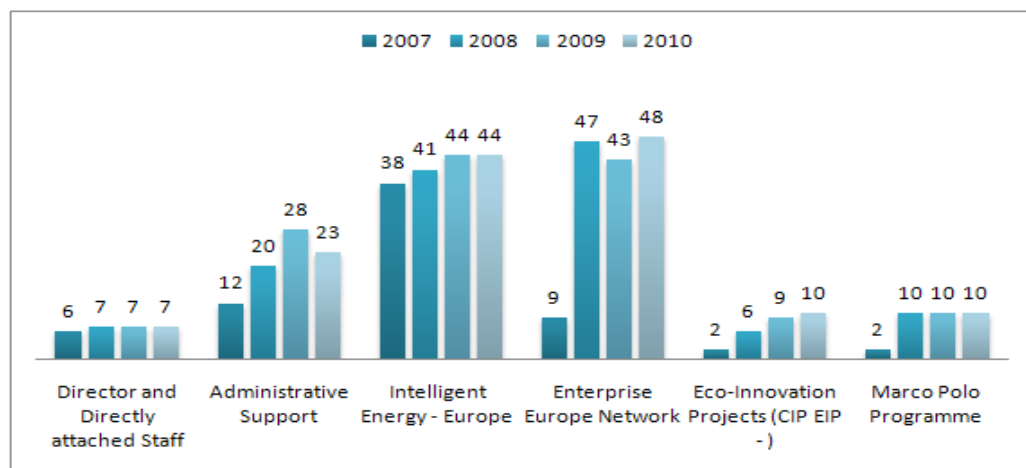
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It should be noted that following DG ENTR's transfer of responsibilities for the IT Tools of the Enterprise Europe Network in February 2009, the EACI changed its organisation al structure by moving the related IT sector from "CIP EIP-network" to the Resources Unit. This is the reason why 5 staff working on the Network IT tools were counted as administrative support in 2009. The internal administrative support was ensured by 23 persons in 2009, while the Enterprise Europe Network was supported by 48 (and not 43).

Also noteworthy is the fact that the ratio between personnel classified as 'administrative support' and those fulfilling an operational role in relation to the EACI-managed programmes, has declined from 27% for th e IEEA in 2006 to just over 15% in 2008, before increasing somewhat in 2009 to drop again to 16% in 2010. As noted earlier, the EACI is responsible for implementing the Entrepreneurship and Innovation Programme (EIP), Intelligent Energy Europe (IEE) and Marco Polo. Under EIP it manages the Enterprise Europe Network , Eco-innovation and IPeuropAware initiatives. The IEE II and the EIP are two of the three specific programmes under the 2007-13 Competitiveness and Innovation Framework Programme (CIP). [10]

Below, in Sections 3.2.to 3.6, we examine the role of the EACI in relation to each of the initiatives.

3.2   Enterprise Europe Network ("the Network")

As part of the CIP's Entrepreneurship and Innovation Programme (EIP), in February 2008 the Commission launched a new network – the Enterprise Europe Network – with some former EIC (Euro Info Centres) and IRC (Innovation Relay Centres) members and adding a new research and development component. It is a single network giving SMEs access to information on the EU and EU -supported programmes. The EACI is responsible for managing the Network on a daily basis. This includes contract management and evaluation as well as training, governance, information, communication and IT support. The parent-DG of the EACI in relation to the Network is DG ENTR.

The Enterprise Europe Network is partly funded by the Competitive ness and Innovation Framework Programme (CIP) (the total budget foreseen for 7 years period amounts to €320 million) and partly by the host organisations in EIP partic ipating countries.

3.2.1   Rationale for Outsourcing to the EACI

The legal basis of the CIP provided for externalising the implementation of Enterprise Europe Network based on a cost benefit analysis. [11] Foreseeing resource-related constraints if the Network continued to be managed internally in the Commission, a cost benefit analysis was carried out that concluded that outsourcing would provide the

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[10] Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006. Competitiveness and Innovation Framework Programme (CIP), OJ L 310, 9.11.2006. The CIP is made of three programmes - Intelligent Energy Europe, Entrepreneurship and Innovation Programme and Information Communication Technologies Policy support Programme (ICT PSP).

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best way of dealing with resource constraints. [12] It was argued that this solution would provide access to a pool of lower cost human resources of the type required to manage the Network than DG ENTR has access to. Hence, in 2008 a decision to handover the implementation of the Enterprise Europe Network along with other parts of EIP was made. [13]

The two previously-existing networks, forming most of today's Enterprise Europe Network, were run by a Technical Assistance Office (BATs for the former Euro-Info Centres or EICs) and a Central Unit (CU for the former Innovation Relay Centres or IRCs), which had a role that was in part similar to that of the Agency's[14]. From the point of view of beneficiaries, there was no real change when the EACI assumed responsibility for managing the Network for the majority of the tasks, although there are fundamental differences between a BAT and an Executive Agency. This was also applicable for the IRC secretariat tasks that are integrated together with the DG ENTR IRC activities in the EACI.

3.2.2   Enterprise Europe Network operations and support by the EACI

The delegation of tasks to the EACI in relation to the Network took place in three phases. The project management tasks were delegated in November 2007 while the animation

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[11] Article 60, p.7 of Decision No. 1639 -2006 of the European Parliament and of the Council of 24 th October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013).

[12] Page 53, Cost Benefit Analysis of the externalisation of the certain tasks regarding the implementation of the Competitiveness and Innovation Framework Programme (2007 -2013) through an executive Agency by Technoplis, Dec ember 2006.

[13] Commission Decision C(2007)3198 of 9 July 2007 delegated powers to the "Executive Agency for Competitiveness and Innovation" with a view to performance of tasks linked to the implementation of the Intelligent Energy – Europe Programme 2003- 2006, the Marco Polo Programme 2003 -2006, the Competitiveness and Innovation Framework Programme 2007 -2013 and the Marco Polo Programme 2007 -2013 comprising in particular implementation of appropriations entered in the budget of the European Union.

[14] The BATs (Bureaux d'assistance technique) for the EICs were established in the early 1990s and responsible for managing contractual matters, providing information support to the Network, links with desk officers across the Commission, training and conference organisation, 'animation' and monitoring and evaluation. The main formal difference was in terms of the contractual relationship with the Commission. The BATs were operated by contractors, after a series of calls for tender, and thus did not have the same institutional relationship with the Commission as an executive agency. The main formal difference is that the EACI is a body of the Commission and its director has a delegation to be authorising officer. Nonetheless in practice, there were close and flexible working relationships with the Commission, which means that the changes that were introduced with the transfer of responsibility for the Network to the Agency were not as clear cut as in those situations where the Commission had previously directly managed the operational side itself.

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activities were delegated on 30 April 2008. The management of IT tools was delegated in March 2009. The handover was completed by following the implementation of a detailed 'road map' agreed upon between DG ENTR and the EACI.

The handover in terms of recruitment of staff and running of the projects took place during May–June 2008. The subsequent recruitment process took nearly a year to complete. The EACI had 47 personnel dedicated to the Network by the end of 2008 (this increased to 48 in 2010). Even before this delegation, the Agency contributed amongst other things to the launch event of the Network on 6 February 2008 and to the organisation of the first Steering and Advisory group which brings together delegates from countries of the Network, the Commission and the EACI. The activities of the sector groups supported by the EACI, composed of Network partners, were launched in the second half of 2008.

DG ENTR, through the annual guidance notes, provides overall strategic guidance to the EACI in running the Network while the Agency has operational responsibility of project management and 'animation' activities. The Agency's responsibilities include managing contracts with Network members (specific grant agreements), monitoring implementation via the IT-based Performance Enhancement System (PES) and the 'animation' of the Network, which includes support for the governance of the Network, e.g. organising the Annual Conference, supporting Network communication activities and providing training.

To track its performance in relation to the Network, the EACI implements a monitoring system based on a number of indicators. These indicators are agreed on by DG ENTR and the Agency jointly and set out in the annual work programme. Key indicators are summarised below (it should be noted that where targets exist, these are shown in parenthesis):

Table 3.1: Enterprise Europe Network – Key Performance Indicators

Indicators	2007	2008	2009	2010
No. of contracts signed		64	22 (34)	47 (63)
Contract Period			0 (300)	242 (300)
Average Payment Time*	15	24(35)	19(30)	18(30)
Operational budget available (€m)	73,5	82,8	32,0	79,7
Operational budget committed (€m)	73,5	82,8	32,0	79,7
No. partners in the on-going grant agreements	0	492	532	532
No. on-going grant agreements with consortium	0	83	92	92

* The legally binding deadline foreseen in the grant agreement and the EU financial regulation is 45 days. The objective in the bracket is the target number set internally. Source: Annual Activity Report 2006 - 2009, 2010 (draft) & Quarterly Report 2008 – 2010.

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Following the handover in 2008, the EACI has completed all the tasks within the deadlines relating to the calls for proposals and the signing of contracts with Network members. In 2009, the average payment time at 19 days was well below the target of 45 days and also lower than in 2008 (24 days). A total of 85% of the interim reports were approved with in time limit and 100% were received. Activities related to financial and contractual aspects of animation activities of the Network were also executed in a timely way.

Other targets have also been achieved relating to network animatio n, Strategic Advisory Group (SAG) meetings and communications. Network animation -related targets have been mostly met . In 2008, no targets were set for the number of training sessions but there were targets set in 2009 and two of the three types of trainin g sessions were under the target number while the target was exceeded in the other type of training session. The targets set in relation to the organisation of SAG meetings, working group meetings and the number of participants to attend the Annual Confere nce have all been met. Although mentioned in reports, this indicator is biased given the fact that on the one hand the number of participants is limited to a certain number because of logistic reasons and on the other attendance is an allowable expense for Network members .

The Network's communication targets have also been met and exceeded in some cases since 2008. These include a wide range of activities such as e xternal communication (website, events, conferences, videos and production of brochures and le aflets); internal communications, communications in support of network partners , and training in communication. Overall, the Network animation activities have contributed to creating a shared identity for Network members, built through factors such as a co mmon visual (communication) presence and creating a space for development of shared interests.

In addition to performance indicators relating to the role of the EACI in managing the Network, there is also a framework for monitoring the role of Network partners and how effectively they are fulfilling their mandate. However, impacts are assessed under the EIP while the EACI has operational responsibility for management of the Network. The set of Network indicators (2007 -2010) mainly encompassed outputs. These are important and useful to assess the operational efficiency but not the 'results' and 'impacts'. The indicators are collected by the Agency on a six -monthly basis. While all the indicators show a gradual improvement in the Network's performance over the 18-30 month period, the positive trend accelerated in the final six month s (months 24 to 30).

One partner of the Network consulted as part of the wider evaluation underlined the limited use of the Network indicators, giving as an example the fact th at the number of clients contacting or contacted by Network partners (one of the key indicators) does not provide insights to the impacts being achieved. Furthermore, it was argued that the emphasis on indicators can lead to Network partners concentrating too narrowly on achieving targets rather than on more strategic objectives .

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Starting in 2011, the initial 50 indicators have been reduced to 35 following a recent revision to a new Performance Enhancement System (PES2). The new framework is made up of 19 output, 8 outcome and 8 impact indicators. The new set of indicators provides a more holistic approach to assessing the activities of the Network. Of particular interest are the more qualitative indicators such as recognition of the Network brand and clien t satisfaction (to be measured through surveys).

Whilst most of the key performance indicators demonstrate a positive trend, l ess positively, there have been some delays in organising calls for proposals. After revising the timetable for the restricted calls for proposals on specific activities in 2008 , it was agreed with DG ENTR to launch this in the first quarter of 2009. However, there were delays in 2009 as well. The Agency found the management of the specific actions to be more time-consuming than expected. The reason for this was that priority had to be given to the processing of technical interim reports and contracts , and consequently only two actions could be signed by end of 2009. Hence , as a result, budget implementation was lower than expected. Also, there were some delays in meeting some targets for providing guidance and advice to Network partners as regards specific actions in 2009.

There have also been problems with the IT tool used for the Performance Enhancement System (PES1) which was developed by the Agency and DG ENTR for the management and monitoring of Network activities. In 2008, DG ENTR remained officially responsible for the PES. However, the Agency carried out the testing of the system which took longer than expected. The PES was op erational by end of 2008 but problems persisted with data extraction and processing. In 2008 , most consortia were reported to have uploaded the 50 data items on Network performance into the system . However, the problems with IT persisted in early 2009 and meant that the planned uploading of monitoring data for DG ENTR could not be done in an automated way, an upload via excel files was used instead .

Some Network partners (interviewed for the EIP evaluation) suggest ed that the Agency provides very good support generally but are critical of some specific aspects of the relationship. Thus, it was argued that some EACI contract staff do not really understand how the Network works and often tend to be more concerned with procedural detail and micro-management rather than really supporting Network activities and thinking strategically. More fundamentally, a criticism is that some of the EACI staff do not provide service of a very high quality, which means that the service provided is not uniform with some being rather slow to respond, especially in relation to contractual matters. This view was echoed in the feedback received from some of those interviewed (see below 3.2.3).[15] These comments need to be seen in the context of the positive overall evolution of the Network over the last few years and generally very favourable feedback .

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[15] The EACI has also recently carried out a survey: Enterprise Europe Network: "Network Satisfaction with EACI Serv ices".

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3.2.3   Feedback from Enterprise Europe Network Members

As part of the research, 15 Network consortium leaders were interviewed to obtain their perspective on the EACI's role in managing the Network. [16] Underlying all responses was a major distinction between the first contracting period (2008-2010) and the second (2011-12) one.

Generally, the start-up of the Network in 2008 and its first year or two of operations is considered to have been problematical with the revision of indicators that occurred after the contracts had been awarded and activities commenced being a major complication. However, members of the Network have also shown understanding for many of the problems involved – the EACI only took over after the Network started functioning and both the EACI and the Network were new organisations. Moreover, there is now a unanimous view among those we interviewed that the Network has been transformed in the last 18 months or so, and is now operating efficiently, even though some specific problem areas do remain.

The EACI carried out a satisfaction survey among all Network partners in the third quarter of 2010. 246 partner organisations responded which represents approximately 40% of the Network. Overall the EACI's services received positive results. Based on these results, the EACI has pinpointed areas for improvement and has developed an action plan to address them.

Application process and contractual procedures

Although many organisations had had experience as EICs or IRCs, and as a result did not find application process and contractual procedures too cumbersome, these procedures were seen as difficult when larger consortia were constructed and especially if these included private sector partners. The procedure for the first contracting period (2008-2010) was seen as rather prescriptive and not well thought out, and the FAQ system was not seen as very helpful by some organisations.

The view that the procedure for the second contracting period is much easier and more user-friendly is unanimous. Most respondents considered the initial process "neutral" to "quite" user-friendly. The time taken to assess the applications was within the time limits allowed for nearly all respondents, but one had to let staff go due to delays. Whereas the aims and objectives of the first contracting period were seen as clear by most organisations, there were some differences as regards their interpretation among former IRCs and EICs. Problems really arose when the details had to be worked out in terms of

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[16] Representatives of 15 Network consortium leaders were interviewed from a wide range of Member States (and one from Turkey). Most of these are based in Chambers of Commerce or enterprise development organisations. Nearly all have also previously been EICs or IRCs.

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eligible activities and in particular when, after agreements had been signed, work programmes attached to the contracts had to be revised to retrospectively fit with the 50 indicators as requested by the EAC I. This caused problems for organisations in 2008 that had already started to develop their programmes in 2006 and had finalised them in 2007 (the problems were accentuated w hen there were several partners in consortia).

Lessons have, however, been learnt though and the 2011-2012 contracting period has less indicators and has been managed in a much more user-friendly way. Network partners have given a great deal of feedback to EACI on procedures (e.g. the development of a White Paper by a group of people from several consortia and several countries) and these have been developed to the extent that most feedback about the 2011-2012 procedures is positive.

Award decision, payment and monitoring

According to the feedback from Network partners the award process has been generally well-managed. In the 2011-12 contracting period, pre-meetings also helped to make the application and award process easier to deal with. C ontracting procedures are not seen as problematic by the majority of those we interviewed although the second contracting period was again seen as an improvement on the first in this respect. The time taken to make payments – once the contracts are signed and guarantees obtained where necessary, is seen as satisfactory, and as quick as can be in the Co mmission environment – and better than FP7[17].

Monitoring by the EACI is considered to work reasonably well. Those we interviewed who have received monitoring visits said that the EACI project officers were well prepared and open to suggestions . Most accept the necessity for quite demanding monitoring data requirements, although several of those we interviewed questioned the need for so much information especially where there are many consortium members. But here again the situation is now improved as compar ed to the earlier period. The EACI is seen as responsive to queries from Network partners although several respondents stressed that this depends to a degree on the individual project officer. Queries are dealt with effectively but responses are not always very quick.

Overall, the feedback from Network members is positive, the main exception in this respect being the IT situation (data base, PES, matching, company profiles, etc.). Some suggestions made to improve the overall process include:

- Not requiring Network members' staff individuals' pay rates to be identifiable to all consortium partners (in FP7 they can be combined) as this raises data protection issues;

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[17] The Seventh Framework Programme for research and technological development 2007-2013.

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- Better version control of forms so as to reduce confusion about which are the latest versions of forms (this is a general suggestion for all administrative aspects);
- Providing better support for questions before the deadlines;
- Making it possible to copy and paste in the electronic documents e.g. PES which will save a great deal of time; and not restricting the number of characters that one can enter into some of the forms;
- Specifying better up-front what needs to be in reporting documents, rather than returning them and then asking for more information when it was not specified initially;

3.2.4 Conclusions – Enterprise Europe Network

The EACI only took over responsibility for managing the Network in 2008 and so its track-record in this role is still too short to judge definitively.

However, what can be said is that the early stages of the launch and operation of the Network were very difficult for all concerned. In this context, the EACI performed well in successfully tackling the challenge of not only taking over operational responsibility for a very large Network, but also bringing about the restructuring of EICs and IRCs. The Agency gave a clear support to the Network, encouraging a fusion of the disparate capabilities of the various partners, building a common identity through the "animation" activities, and making them aware of the importance of monitoring performance. Complications have arisen and some remain but these seem to be essentially teething problems. But these matters should not detract from an otherwise positive achievement.

The evidence suggests that it is now time to build on what has been achieved, to have more confidence in the motivation and capabilities of the members and to develop a more flexible and supportive approach – one based firmly n partnership rather than direction from above.

3.3 Eco-Innovation Pilot & Market Replication Projects

Eco-innovation projects are designed to promote the goals of the Environmental Technologies Action Plan (ETAP) [18] and focus on cleaner production, environmental management and new products and services to make sustainable development become a business reality.

The programme supports the first application and further market uptake of eco-innovative products and services in Europe to help overcome the critical barriers that may hamper their commercial success. It aims to change consumption and production patterns and reduce impact on the environment.

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[18] The European Technologies Action Plan (ETAP) was adopted by the European Commission in 2004. The objective is to further environmental technologies to improve the environment and European competitiveness.

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3.3.1 Rationale for Outsourcing to the EACI

The decision to outsource the implementation tasks for Eco -Innovation projects to the EACI, along with that of other EIP activities, was supported by a c ost benefit analysis. This showed that the implementation tasks could be carried out more efficiently leaving to the Commission the overall management of the programme. At the same time, it was argued by the Agency and a number of stakeholders that the EAC I has closer linkages with the market and that its mode of operations allows for greater flexibility and faster execution of tasks.

3.3.2 Implementation of Eco-Innovation by the EACI

Since 2008, some €95.1m has been disbursed by the EACI to support 133 projects under the Eco-Innovation Initiative. This and other key indicators are summarised below:

Table 3.2: Eco-Innovation – Key Performance Indicators

Indicators	2008[19]	2009	2010
No. of contracts signed	0	44(44)	47(46)
Average Payment Time (days) (Objective)*	0(0)	14(30)	22(30)
Average Time to Contract (days)	n.a.	283	309
Operational Budget available (€m)	27,850	32,153	35,240
Operational Budget committed (€m)	27,850	32,153	35,230
Number of projects on -going	0	44	90

* The legally binding deadline foreseen in the grant agreement and the EU financial regulation is 45 days. The objective in the bracket is the target number set internally by the Agency. Source: Annual Activity Report 2008, 2009, 2010 (draft) & Quarterly Report 2008 – 2010.

Table 3.3: Other Eco-Innovation Indicators

Indicators	2008	2009	2010
No. of proposals received	134	202	287
No. of proposals selected	44	47	*
Success rate	33%	22%	*
Requested funds	€110m	€150m	€264m
Average funds requested	830,000	770,000	921,000
No. of project participants	444	614	895
Percentage SME participants	74%	70%	66%

* The evaluation for the call 2010 end ed in February 2011 and the negotiations began in March 2011 .
Source: Annual Activity Report 2008, 2009, 2010 (draft) & Quarterly Report 2008 – 2010.

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[19] Budget committed in 2008 leads to contract awards in the following year, which is why no contracts were signed that year.

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Under the EACI, there has been 100% absorption of the Eco -Innovation budgets for 2008 and 2009 (the same is expected for 2010). Currently, the Agency is managing a total of 90 projects from the 2008 and 2009 calls, and with the exception of a project where the beneficiary went bankrupt, all are on -going and, according to the Agency, there are no significant delays in launching projects. It is not possible to refer to resu lts and impacts as no project has been completed yet.

In terms of promoting the programme, info -days have been organised by the EACI each year to help promote the Eco -Innovation Initiative, supported by events organised by national and regional authoritie s in a number of countries (see table below). Reflecting the efforts put into awareness -raising, there has been a steady increase in the number of applications each year from 134 in 2008 to 287 in 2010 which indicates that this initiative is increasingly visible to SMEs.

Table 3.4: Eco-Innovation Info-days and related events

Eco-innovation Info- days and events	2008	2009	2010
Info days organised (national and European)	12	14	12
Related events organised	8	11	9
Countries involved	16	18	15

The Commission in close cooperation with the Agency have established a monitoring system requiring beneficiaries to identify environmental and economic objectives and define relevant indicators. Common environmental and economic indicators apply to all projects. The feed back from the interviews is that project beneficiaries do use these indicators and expect to report the results (against initial objectives) at the end of the project and two years after completion. These results fall in the scope of the EIP final evaluation.

3.3.3   Feedback from Eco -Innovation Beneficiaries

The EIP evaluation feedback suggests that under the EACI's management, there has been efficient implementation of Eco -Innovation. According to the beneficiary survey :

- Application procedures and criter ia are seen as clear, straightforward and quick . A very small number of beneficiaries thought that the contractual procedures were slow but all others suggested that an average of around 10 months was acceptable and better than their experience with other EU programmes;

- The Eco-Innovation helpdesk provides useful and timely feedback to applicants and the provision of pre -application screening indicating whether a proposal is in the right direction is considered helpful;

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- Payments are made on time. Delays in payments (average of 22 days in 2010) are below the stated aim of making disbursements within the targeted 30 days and legally binding 45 days.

Overall, all the stakeholders we have consulted consider that the Eco-Innovation Initiative is well managed. A project manager is appointed for each of the projects and is responsible for maintaining communication with the project coordinators. Monitoring is undertaken through project reports and at least one site visit. According to the evaluation feedback, EACI personnel are seen as having the necessary expertise and skills to undertake these tasks and to generally manage projects.

As part of the research for the evaluation of the EACI, 10 beneficiaries of the Eco-Innovation initiative were interviewed to obtain their perspective on the EACI's role, specifically in relation to different stages in project and programme management. [20]

Application process and contractual procedures

All 10 beneficiaries thought the aims and objectives of the programme were sufficiently clear and that the application information was very accessible for new applicants. Of the 10 beneficiaries, 9 found the overall application process either easy or very easy. In addition all respondents expressed the view that the Eco-Innovation initiative was either user friendly or very user friendly. As regards the time taken to assess the application and award the grant, all 10 respondents were satisfied.

The beneficiaries indicated that there was sufficient information about application and contractual procedures, and that contracting procedures were well managed (although some felt that previous experience of applying for European funding programmes was a significant advantage for some project coordinators). Suggestions made about improvements to the application process and contractual procedures were:

- National authorities should be encouraged by the EACI to play a strong role supporting the Eco-Innovation initiative;
- More information could be translated into wider language groups.

Award decision, payment and monitoring

All the beneficiaries interviewed thought that the Eco-Innovation award decision and process was transparent and well-explained. The time taken to process the requests for payments was considered to be generally satisfactory. A number of respondents said there were no significant barriers to accessing necessary programme

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[20] Of the 10 beneficiaries, two had been beneficiaries of Eco-Innovation 1, 8 of Eco-Innovation 2. None had benefited from both initiatives. Organisations interviewed were from the following countries (lead for projects): Austria, Estonia, Italy, Greece, Spain, U.K. Interviews took on average about 15-30 minutes and were carried out via telephone.

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information and that the EACI project officers helped facilitate their enquiries. All respondents were complimentary about their EACI project officers.

As far as monitoring is concerned, the respondents were generally content with the requirements. A number of respondents felt that the Eco-Innovation initiative officers were instrumental in ensuring that the monitoring process complimented the project objectives and activities and that monitoring requirements did not interfere with day-to-day operations.

Overall, the respondents considered the EACI to be very responsive to their questions and queries. All respondents highlighted the important role played by Eco-Innovation project officers in providing clear and informed advice at critical stages of their projects. In most cases the response time for detailed questions was less than 48 hours, which compares favourably with other programmes. All 10 respondents considered the EACI to be a highly visible organisation. An equal number considered the Eco-Innovation initiative to be very well managed and that the programme provided the right balance between procedure and managerial flexibility, which was particularly valued by SMEs.

There are some areas of concern. The first is related to the human resources available. The Eco-Innovation Unit is quite small (at the end of 2010 the unit had 10 staff out of 11 positions allocated for 2010) and on certain occasions has been rather pressed to cope with the workload. However, this may be due to the relatively high turnover of staff experienced in the unit during 2010. The turnover of Finance Officers has been a particular complication. In one project, the responsible Finance Officer changed three times. This caused delays in dealing with queries and processing claims (albeit rather minor delays). A further issue is a number of shortcomings in the current current IT tool to monitor progress on individual projects. Having a more efficient and state of the art system would simplify and greatly expedite the monitoring and reporting procedures and would free up additional resources to be used for other management and coordination tasks.

3.3.5   Conclusions – Eco-Innovation pilot and market replication projects

Overall, the implementation of the Eco-Innovation Initiative by the EACI has been both effective and efficient with 100% absorption rates and high levels of satisfaction indicated by all stakeholders. The Agency has established the processes and procedures that allow for efficient project application, selection, contracting and monitoring. Flexible and effective mechanisms have contributed to the success of this initiative as reflected by the increasing number of applications over time.

At present, Eco-Innovation has a relatively small budget of around €35 million. Looking ahead, an increase in the budget may require an increase in human resources and a strengthening of the IT tools to help cope with increased activities.

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3.4　Intelligent Energy Europe (IEE)

The Intelligent Energy – Europe (2007-2013) programme supports actions to promote sustainable development in the energy field to achieve the general objectives of security of energy supply, competitiveness and environmental protection according to the EU's energy policy and its target of '20-20-20 commitment'[21].

The objective of IEE II is to contribute to secure, sustainable and competitively priced energy for Europe, by providing for action through its sub-programmes that fund specific actions in three fields along with certain integrated initiatives to promote energy efficiency and renewable energy. The first field (SAVE) provides for action for rational use of energy resources and energy efficiency; the second field (ALTENER) promotes energy diversification and use of renewable and new energy sources; and the third field (STEER) promotes sustainable energy in transport.

The total budget for the first IEE programme (2003-06) was €250 million. With an increased budget of €730 million for 7 years, the second IEE programme was launched in 2007 as part of the broader Competitiveness and Innovation Framework Programme. The EACI is responsible for managing certain tasks of the IEE II. The parent-DG of the EACI in relation to the IEE programme is DG ENER but the EACI is also in contact with DG MOVE as far as STEER is concerned. This Programme has become the main EU instrument for overcoming non-technological barriers to the spread of efficient use of energy and greater use of new and renewable energy sources.

3.4.1　Rationale for Outsourcing to the EACI

The initial decision to outsource the first IEE programme (following a study in 2002) was based on the (rather modest) cost advantage (6.7%) of outsourcing. There were also some important non-monetary advantages which swayed the argument: flexibility for human resource management; improved project management due to the use of specialists, staff competencies/skills and expertise that match requirements; staff being a bridge between the Commission and national energy policies; use of management by results systems; and, stronger dissemination and valuation of project results.

With the second IEE programme, a study in 2006 showed that continuing to entrust IEE programmes to the IEEA (or its successor – the EACI) would be the most cost effective solution while ensuring the overall management by the Commission. The key driver for the continued outsourcing of the IEE Programme was the need to recruit enough staff of a sufficiently high calibre to meet the demands of the increasingly large programme. It would not have been possible to achieve this within the Commission environment.

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[21] The 20-20-20 commitment: reducing greenhouse gas emissions by 20%, increasing the share of renewables in the energy consumption to 20%, and improving energy efficiency by 20%, by 2020.

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3.4.2   Implementation of IEE by the EACI

Since 2008, some €198.9m has been committed by the EACI to support projects under the IEE Programme. This and other key indicators are summarised below (figures in brackets are targets):

Table 3.5: IEE – Key Performance Indicators

Indicators	2007	2008	2009	2010
No. of proposals received	296	342	372	348
No. of contracts signed		72	57	61
Average time to contract		329	329	334
Average Payment Time (days) IEE I *	36	36 (35)	22 (30)	21(30)
Average Payment Time (days) IEE II *		17 (35)	14 (30)	14 (30)
Operational Budget available (€m)	63,7	55,8	72,1	71,0
Operational Budget committed (€m)	63,7	55.8	72,1	71,1
Number of projects on-going IEE I + IEE II	402	409	388	314

* The legally binding deadline foreseen in the grant agreement and the EU financial regulation is 45 days. The objective in the bracket is the target number set internally by the Commission.   Source: Annual Activity Report 2006 - 2009, 2010 (draft) & Quarterly Report 2008 – 2010.

Under EACI management, the IEE Programme has generally achieved its objectives as set out in the Annual Management Plans (a separate study is under way to consider this and impacts in more detail). The tasks carried out by EACI are focused on project/programme management (including dissemination of projects results) and implementation and provision of feedback to parent DG's as prescribed in the instrument of delegation.

In the course of the years that the IEE programme has been operating a substantial body of project management expertise has been built up within the IEE programme based on knowledgeable project officers and increasingly sophisticated management systems. This has been present in all stages of the project cycle. As regards calls for proposals, these are now widely disseminated through the Enterprise Europe Network, European and national Information days, and rigorous timetables are adhered to as regards evaluation of proposals and announcement of awards. Projects are closely monitored through an in-house IT system and follow-up decisions and actions are quickly undertaken when problems are identified.

There is also increased involvement in "concerted actions" working with a wide range of bodies mandated for the implementation of directives.

A recent survey conducted by Deloitte in the framework of the IEE evaluation has also found that overall, the performance of the EACI in managing the promotion and dissemination projects is considered as good by project participants. The programme's beneficiaries and stakeholders

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generally consider the EACI human resources as comp etent and available to support the projects' implementation (Finding 59)[22].

3.4.3   Feedback from IEE Beneficiaries

As part of the research, 11 IEE beneficiaries were interviewed to obtain their perspective on the EACI's role, specifically in relation to diff erent stages in project and programme management.[23]

Application process and contractual procedures:

IEE procedures are generally seen as satisfactory - three of the 11 beneficiaries found the IEE application process either 'easy' or 'very easy' in the sense of being user-friendly. One of the beneficiaries thought the process was very user friendly - this was explained by the fact that the company had been through the application process twice before. It was also mentioned that the IEE programme is considered to be the most easily accessible programme in the area of energy.

As regards the time taken to assess the application and award the grant, 8 of the 11 respondents were satisfied with two being very satisfied with the time to grant in comparison to other programmes. Some respondents felt that 6 months required to complete formalities (for the first programme) was too long and the project partners therefore appreciated that the time to grant was reduced in the second programme. Furthermore, once the grant w as accepted the funds were made available in a relatively short period of time.

Almost all (10 of the 11 beneficiaries) thought the aims and objectives of the programme were sufficiently clear and that the application information was very accessible for new applicants. On the other hand, some respondents expressed the view that activities could be more specific. However this may limit the scope for project themes, which would have a negative impact on the selection choice of projects. Overall, 10 of the 11 beneficiaries thought that the types of eligible activities were clear.

Almost all (10 of the 11 beneficiaries) thought there was sufficient information about IEE application procedures, while one thought that project partners should be required to meet le ss stringent requirements at the pre -implementation stage as this posed a significant burden for smaller beneficiaries. Nine of the 11 beneficiaries thought sufficient information and support as regards contractual procedures was provided and two mentioned that although the contract was managed well and contract officers

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[22] "Final evaluation of the Intelligent Energy - Europe II Programme within the Competitiveness and Innovation Framework Programme" .

[23] Of the 11 beneficiaries, two had been beneficiaries of IEE 1, two of IEE 2 and six of both. Organisations interviewed were from the following countries (lead for proje cts), Belgium, Croatia, Czech Republic, France, Italy, Germany, Latvia. The project shared the following distribution of partners: 9 projects with 1 -10 partners and 2 projects with more than 10 partners. Interviews took on average about 15 -30 minutes and were carried out via telephone.

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were generally helpful, there were cases where one change to the contract took two months to complete. All beneficiaries thought contracting procedures were well managed.

Suggestions made to improve the IEE application process and contractual procedures were:

- Reducing the waiting time for feedback on progress with an application .
- Payment problems should be addressed. For example, some project coordinators mentioned that they needed to wait for a longer period of time to receive payment for project costs submitted as part of the second and final stages of project implementation.
- The Agency could make stronger references to the Personal Identification Code (PIC) number facility during the negotiation stage to ensure that all project partners are fully aware about this possibility as not all seem to be aware of it.
- Making financial rules more flexible could balance payments in favour of difficult activities and hardworking partners (i.e. some partners put in higher efforts therefore costs should be re-balanced to address this). According to one coordinator the financial rules do not allow project budgets to be re-directed to partners who make greater contributions during the implementation of project activities as well as those who demonstrate greater added value than others once the project is underway.
- The application procedure should look at the human resources and capacity of each partner to deliver the project objectives. There should be more emphasis on the technical capabilities of each partner. The concern here was not that technical capability was absent or not addressed in the selection criteria. Rather the wider point is that project consortia would benefit from a more rigorous assessment of each partners' respective technical capabilities as part of the overall assessment of technical capacity across the consortia as a whole.
- More meetings should take place between the EACI and project coordinators during the negotiation stage to prevent administrative difficulties at later stages of project implementation. While the majority of project coordinators felt that the EACI was very active in communicating important information and in resolving problems during the negotiation stage. Nonetheless, a small number of those interviewed took the view that projects would benefit from more face to face meetings with EACI personnel during the negotiation stage.

These points relate of course to the IEE programme rules that the EACI is required to implement rather than to the EACI itself.

Award decision, payment and monitoring

All 11 beneficiaries thought that the award decision and process was transparent and well-explained. Most said there were no significant barriers to accessing necessary programme information and that project officers helped facilitate their enquiries. All respondents were complimentary about the role of their project officers.

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The time taken to process the requests for payments was considered satisfactory by 7 of the 11 beneficiaries. However, four of them commented that payment issues can occur during the final stage of the project due to further questions being raised by EACI staff about changes to earlier agreed changes to project expenses. This can lead to late reimbursement of project partners.

As far as EACI monitoring of the IEE programme is concerned, there was a mixed response. Some respondents mentioned that monitoring reports are well structured and cover the relevant issues at different stages of the project. However, the quality of monitoring varied depending on the age and experience of the project officer. Suggestions for improvement were that:

- New project officers could be teamed up for a while with more experienced officers to ensure continuity of knowledge (as is done already to an extent);
- The monitoring reports should also be used by beneficiaries as an internal detailed progress document to support project implementation;
- Financial guideline documents were helpful but could be improved. In some cases, projects financial guidelines were more specific than the Commission's;
- Internal decision making could be speeded up, particularly with regard to time to grant;
- The financial and administrative officers should cooperate more closely to promote cross-overs of knowledge and experience.

A common view among respondents was that the monitoring process did not hinder the implementation of their projects, as in most cases, there was a strong cooperative relationship between the project coordinator and the assigned EACI project officer.

Overall role of the EACI

Overall, the EACI is considered efficient and very responsive to beneficiaries' support needs. All respondents stated that good information exchange took place between themselves and project officers. Queries are dealt with, on the whole at a very rapid pace with no issues to report in terms of negative feedback. All 11 respondents considered the EACI to be highly visible. Project officers are the main avenue through which the project partners can communicate their needs to the EACI. All 11 respondents considered the programme to be well managed.

3.4.4 Conclusions – IEE

Management of the IEE programme has been improving under EACI management. This is evidenced through key indicators such as contracts signed, contract period, and payment delays, but also by the expert feedback provided by the EACI towards the beneficiaries and the policy officers in the parent DG's. As regards other internal performance targets the IEE is being monitored closely and would appear to be performing well.

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The Marco Polo programme supports projects that help to shift the transport of freight from the road to more sustainable and environmentally friendly transport modes.

A second MP which is a continuation of MP I with a bigger budget and an extended scope started in 2007. It has a budget of €450 million for 2007-2013 and extends to participating countries bordering the EU. Until early 2008, MP was managed by DG TREN. Since MP has operational similarities to IEE and other CIP programmes, it was decided that certain implementat ion tasks related to MP II (2007-2013) would be delegated to the EACI. In addition to implementing MP II, the EACI has also been entrusted with overseeing the completion of MP I. The parent -DG of the EACI in relation to MP is now DG MOVE.

3.5.1   Rationale for Outsourcing to the EACI

Managing MP I and the substantially larger MP II would have required an increase in staff if they had continued to be run in-house within DG TREN (now DG MOVE). Such an increase in staff was not supported by the budgetary authorities at the time of MP II proposal.

For this reason, a cost-effectiveness study was carried out in January 2007 to examine the possible externalization of the MP programme.[24] This concluded that externalising the implementation of the programme was likely to be a cost-effective solution to the expected capacity problem. Since the EACI was already managing other programmes, the cost-benefit argued that the Agency was best suited to managing MP as economies of scale could also be expected to be achieved. Hen ce, in July 2007 the decision to delegate the powers to implement the MP II and I to the EACI was made. In early 2008, the operational responsibility for MP I and II was transferred by DG MOVE to the EACI. The MP programmes are managed by Unit 5 of the EAC I.

3.5.2   Implementation of Marco Polo by the EACI

Since 2008, some €167m has been disbursed by the EACI to support 124 projects under the MP. This and other key indicators are summarised below (where appropriate, targets are indicated in parenthesis).

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[24] Cost-effectiveness study concerning the externalisation of programme management tasks related to the second "MP" Programme (2007 -2013) by ECORYS, 24 th January 2007.

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Table 3.6: Marco Polo – Key Performance Indicators

Indicator	2008	2009	2010
No. of proposals received	46	70	101
No. of contracts signed	20	28 (28)	21 (22)
Contract period	461	338 (338)	328 (535)
Average Payment Time (days) MP I *	143 (35)	53 (30)	26 (30)
Average Payment Time MP II *	25 (35)	16 (30)	24 (30)
Operational Budget available (€m)	38,3	67,1	63,8
Operational Budget committed (€m)	38,3	66,9	63,8
No. projects on -going MP I & MP II	59	64	66

* The legally binding deadline foreseen in the grant agreement and the EU financial regulation is 45 days. The figure in the brackets is the target number of days set internally. Source: Annual Activity Report 2006 - 2009, 2010 (draft) & Quarterly Report 2008 – 2010.

The performance of the EACI in implementing the MP Programme is measured by the Commission and the Agency using a number of key indicators. The work programmes prepared by DG MOVE and the Agency define the overall objective of the EACI with respect to MP. Based on these objectives, the Agency has developed its framework for monitoring the management of MP which relies on key indicators. These key indicators are:

- Time needed for appraisal of project proposals, signing of the contracts, processing of interim, final reports and cost statements;

- Number of contracts signed, contracting periods, the average payment delay and percentage of payments that are late;

- Performance indicators relating to the dissemination of information and recommendations made and feedback sent to DG MOVE.

Until 2009, the indicators used by the EACI were purely implementation-oriented and related to three overall objectives: firstly, to manage the lifecycle of the projects under MP I and II and completing the call for the year under MP II; secondly, to generate and disseminate information about the MP programmes; and, thirdly, preparing recommendations for the parent DG MOVE on implementation of the MP and for future policy development.

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In 2010, under the third objective, an indicator relating to the reporting of achievements of the MP programme as set out in the MP legal base was added.[25] This indicator has been reinforced in the 2011 Work Programme. The indicators are reported in the Annual Activity Reports produced by the Agency for the Commission and the parent DG. Some additional project-related updates are set out in the quarterly reports prepared by the Agency.

The indicators being used have largely been the same through the years since 2008 except for some changes introduced in 2010. The 2011 work programme has redefined the indicators with an aim to better reflect the extent to which the MP is contributing to meeting DG MOVE's policy objectives and, secondly, to have fewer but more useful indicators. The indicators in the 2011 work programme have been reworded to be more precise, clearer and standardised supported by clearly-defined targets, and further improvements are envisaged. These matters are to be considered in more detail in the evaluation of the MP.

The EACI's mandate for the MP calls for timely appraisal of project proposals and signing of the contracts. The EACI has done this in both years with only some delays (generally less than one month). The EACI took over legally in June 2008 and the contracts were signed accordingly and in 2009. Despite delays elsewhere, all the contracts were signed in time.

The official handover of MP to the EACI started in March 2008 but was not complete until June 2008. Until then, the Agency had only limited access to commitments in ABAC causing delays in payments (AAR 2008, p.25). As a result, the average payment time for MP I was 143 days with 71% of payments made being late. However, since then the Agency has been able to reduce the number of payment days to 26 days for MP I and 24 days for MP II. The percentage of payment delays has also been reduced to 8% for MP I in 2010 and only 3 % for MP II (compared with 17% in 2008).

The indicators related to the third objective of dissemination of information have varied over the years. These indicators have been consistently measured and reported (although absent in the WP 2009) and are related to the Communication Work Plan. The Agency contributes to its preparation and timely implementation. The Agency met the deadlines both in 2008 and 2009. Also the objective of making recommendations to the Commission has been completed within deadline as indicated in the Annual Activity Reports.

The interviews with Commission staff and the survey of beneficiaries carried out as part of the wider evaluation work provide a broader perspective on how well the EACI is managing the MP. Feedback from our interviews with DG MOVE was generally positive. There is a consensus that by delegating the implementation of the MP to the Agency there

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[25] Marco Polo legal base 1692/2006 as amended by 923/2009 http://www.europarl.europa.eu/oeil/OpenDetailFiche.do?ficheId=1621&language=en

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has been an improvement in the quality of project management. Turning to the beneficiaries:

- According to the beneficiary survey responses, the quality of the Agency's service in terms of responsiveness to queries is very high ;

- The EACI's performance with regard to communication of information regarding applications is also highly rated;

- On the other hand, and particularly among SMEs, the views expressed in the survey were less favourable about the time taken to make payments and evaluate proposals, and application procedures, monitoring and contracting arrangements were described as complex and involving excessive documentatio n.

The results of the survey need to be interpreted cautiously due to the small size of the sample.[26] In addition to the survey responses, we also interviewed a number of Marco Polo beneficiaries[27].

3.5.3   Feedback from Marco Polo Beneficiaries

As part of the research, 15 Marco Polo beneficiaries were interviewed to obtain their perspective on the EACI's role, specifically in relation to different stages in project and programme management.

Application process and contractual procedures

Overall, there were rather divided views on the Marco Polo application pro cedures. As one beneficiary noted "The application procedure remains complex and heavy although the process has improved since the EACI took over the responsibility.

Procedures have been gradually simp lified over the years and the EACI has taken comments and criticism into account." Particular concerns were raised that the resources in terms of staff and time required to complete the application process would be hard for to manage for SMEs when applying independently and not as part of a consortium. However, as another beneficiary argued "Comparing the Marco Polo I with the Marco Polo II many improvements have already been made like simplification of procedures regarding the number of partners, etc. , but there is room for improvement as the kind of

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[26] The survey for beneficiaries was carried out in December 2010 by Europe Economics with a total of 79 responses being obtained.

[27] In total 15 Marco Polo beneficiaries were interviewed by CSES of which 11 had been successful with their applications and 4 had been unsuccessful. All the 11 beneficiaries had applied to MP II while 2 of the four unsuccessful organisations had applied to both MP I and considered applying for MP II but did not. The remaining two who did not secure the funding were also applicants to MP II.

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documents required-preparing them, copying and mailing them, makes the application process quite stressful".

However, at the same time most applicants were positive about the user-friendliness of the application guidance (four beneficiaries said it was not user-friendly, 2 were neutral while 7 suggested that the guidance was user-friendly. The remaining beneficiaries had hired consultants). The interviewees were less critical of this aspect and made some positive comments about the support they received from the EACI. As one beneficiary noted: "A lot of support was provided by the EACI. Provisions like a hotline were helpful as the subject matter of the application was complicated." The application documentation was rated high on clarity of its contents. Additionally the 'Info-Day' organised by the EACI was very helpful for making the application.

Overall, it was argued that the application process could be improved by reducing its complexity so that it is possible to complete the application more quickly and without any external assistance.

Most interviewees found the objectives of the programme were clear and were very complimentary about the EACI support provided throughout the projects life cycle. One of the suggestions made about improvements to the application process and contractual procedures was to warn the applicants upfront about the time and processes involved in making amendments once the contract was signed..

Award decision, payment and monitoring

Almost an equal number of interviewees were satisfied as were dissatisfied with the time taken to process the application and award decisions. One beneficiary argued that "Marco Polo takes the longest for evaluation in the EACI when compared to other programmes also managed by the EACI like IEE. (The evaluation took roughly 6 to 8 months and the contracting took around 3 months.)" Most beneficiaries found the process transparent and well-explained.

The general feedback was that the EACI manages the award decision procedures very well and that it also provides enough feedback. For example, as one beneficiary explained: "There was a feedback phone call in which the reasons for the decision were given and the people at Marco Polo listened to us. We appreciate this side of the management as they are responsive. We found the feedback diplomatic but sufficient." However, there was one exception to the positive views regarding the role of the EACI. An applicant to MP II who was discouraged from making an application by the EACI in the pre-application informal discussions, requested information on the EACI's award decision for another company that they found had an identical proposal. They felt that not enough information explaining their decision to discourage one company from applying and accepting a proposal for an identical project from another company was provided.

All beneficiaries who made requests for payments were satisfied with the time taken. Of the 11 beneficiaries, five have not yet submitted a monitoring report and hence

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could not comment on this aspect of programme management. Of the remaining 5, 4 beneficiaries thought that the monitoring was managed well by the EACI and that the amount of information requested was reasonable considering the scale of th e projects. Again the beneficiaries were very appreciative of the EACI staff and the support provided by them and the amount of direct contact.

Overall, EACI is considered very responsive to MP beneficiary queries and support needs. All interviewed with the exception of one rated the EACI positively on this aspect (10-very responsive, 4-responsive, 1-did not comment). Most interviewees thought that the queries are dealt with, on the whole quickly and competently by the EACI staff (one beneficiary argued that the EACI is very quick to respond to queries but the responses were not always satisfactory). There was some criticism of the perceived bureaucratic approach of the EACI in interpreting contracts and sometimes with the content of the response to queries (it was argued that even a minor of change to a contract could take months to approve).

As one beneficiary explained: "When we approached the Agency with problems they responded timely however the response was by the book and we could have read that in the contract ourselves. They were not flexible and went very strictly as per the contract. When we present a project it is usually executed over the coming two years or so and during that course a lot of economic and market conditions change. The Agency is not responsive to those changes and should be more adaptable". Also the requirement of forecasting for the next five years in the application process poses problems when combined with inflexibility in allowing changes.

3.5.4 Conclusions – Marco Polo

Overall, the evaluation points to a consensus that the EACI provides a much better environment for implementation of the MP programmes. The Agency faced initial start-up problems with the MP due to delays elsewhere which it seems to have successfully overcome. Judging by the EACI's own performance indicators, the Agency has steadily improved the implementation of the MP Programme. This conclusion is supported by feedback from the interviews and survey work for the evaluation.

Looking ahead, the number of MP projects is expected to increase due to a lowering of the threshold for financing projects from €3 million to €1.5 million. Bearing in mind the limited increase in EACI staff foreseen (2011: + 1 (total of 12); 2012: + 1 (total of 13) to administer the Programm e, there could be complications dealing with an increased workload.

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The IPeuropAware project implemented by the Agency supports Intellectual Property Actions for SMEs. The objective of this initiative is to address the lack of knowledge of SMEs about Intellectual Property and the problems they face in enforcing their rights and fighting counterfeiting.

IPeuropAware (previously known as IP Base) is a single project. With EU support totalling just over €6m and a further €2m in national co-financing, it amounts to a project of €8m. The IPeuropAware project brings together two existing Europe-wide initiatives:

- InnovAccess, a Web portal created by the National Patent Offices to provide information on their services for the end user;

- IPR-Helpdesk – a helpline and training mechanism for current and potential contractors in EU-funded Framework Programme projects.

Some 20 National IP Offices are involved in IPeuropAware with coordination being provided by the Swedish Patent and Registration Office. The European IPR Helpdesk is coordinated by the University of Alicante (which is also responsible for overall coordination of the IPeuropAware project).

3.6.1   Rationale for Outsourcing to the EACI

Responsibility for managing the IPeuropAware scheme was delegated to the EACI by mid-2008, over eight months after the project's implementation. Furthermore, during a period of about a year, although formal responsibility for the project remained with the Commission, no desk officer was appointed. In addition to the factors shared in common with other programmes that were transferred to the Agency (more cost-effective delivery, etc), the justification for doing so with IPeuropAware was that the project mainly involves standardised operational management.

3.6.2   Implementation of IPeuropAware by the EACI

Two EACI staff (a Project Officer and a Finance Officer) are assigned to the IPeuropAware project (in both cases, the staff concerned have undertaken this role since the EACI assumed responsibility for the project although there has very recently been a change in the Finance Officer). In addition, other EACI units provide support (e.g. the Communications unit has helped with the EACI IPeuropAware website).

The EACI is considered to have performed well in managing the IPeuropAware scheme, almost certainly doing so more efficiently and effectively than would have been the case if the scheme has been managed by DG ENTR internally. For DG ENTR the main benefit has been to allow key personnel to concentrate on policy-related issues rather than having to deal with operational aspects of IPeuropAware. The EACI has

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facilitated the smooth cooperation of the national IP offices and the IPR Helpdesk wit h business intermediaries (which was one of the main goals of the project) in particular with the Enterprise Europe Network.

There have been criticisms of the way the EACI handled the recent European IPR Helpdesk's tender to appoint a new service provider (with some confusion occurring over how the tender should be publicized and the call itself being delayed by two months). However, this was not a standard tender but one that involved a transfer from a six -year grant agreement to a n open tendering process. The delay that occurred w as due to the complexities of switching from one type of procedure to another (the EACI was not involved in the design of the IPeuropAware call's specifications or in the decision to adopt a tender). Above all, however, the EACI s uccessfully avoided any interruption in the provision of IPR helpdesk services to users.

In addition to its role in managing the IPeuropAware contract, the EACI has actively promoted networking between the national patent offices and a sharing of know-how and good practices. In 2009, the EACI launched an exercise to identify good practices (e.g. mentoring schemes, help desks , dissemination of bulletins with information on patents published in different technological sectors) . In addition, a number of publications have been introduced (e.g. a n expert group's report on how SMEs can enforce IPR, another on planning local actions for intellectual property awareness and enforcement services).

The EACI has played an active role in helping to coordinate these act ivities as well as the networking events at which information has been shared and disseminated. The Agency has also helped to strengthen links with enterprise sup port organisations and networks (some 20 national seminars have been organised with SME suppor t organisations). Given that patent offices have not worked closely together in the past, and have generally only rather weak links with SME support organisations, this 'animation' role of the EACI has been especially important. Feedback from the national patent offices that was obtained as part of the research for the evaluation confirms the positive role played by the EACI.

3.6.3 Conclusions – IPeuropAware

Overall, and in common with the other EACI -managed initiatives, the transfer of IPeuropAware to the Agency is seen as having been justified with benefits to the Commission and improved implementation of the programme.

3.7 Overall Performance at Agency Level

In this section, we examine key issues from the terms of reference that apply at the Agency-level – relevance, efficiency, effectiveness, impacts and added value. We assess the more specific Agency -level issues set out in the terms of reference .

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3.7.1 Relevance

Q.1: To what extent is the Agency relevant to the needs it is intended to meet?

Are the external and internal drivers for the creation of the outsourced solution still the same? Have some disappeared? Have new factors emerged?

The external drivers for outsourcing programme management functions to the EACI have, if anything, become more pronounced since the Agency's establishment. The main driver in this respect was, and remains, the need to ensure that programmes are managed as cost-effectively as possible, thereby freeing up resources that might otherwise be tied up in overheads and allowing them to be devoted instead to the programme activities themselves. Related to this, outsourcing has enabled the parent-DGs to focus on policy-related aspects of the programmes.

Given the constraints on the EU's budget, and with little prospect of Member States agreeing to significant increases in financial resources in the foreseeable future, the need to cost-effectively manage programmes is now even more important than ever. The evidence from this research suggests that this continues to be best achieved through an outsourcing solution. This presupposes, of course, that efficiency gains are not secured at the expense of less effective implementation mechanisms and poor services to beneficiaries.

Do work programmes and activity reports reflect the nature and tasks initially entrusted? Has there been any "strategic drift" reflected in operational orientation?

The EACI's work programmes are drawn up in close consultation with the parent DGs and this ensures that the planned activities are in line with Commission priorities and the mandate given to the Agency. There is no evidence from our research of this not being the case or of 'strategic drift'. At a more operational level, there is a separate issue concerning the way in which the EACI's objecti ves are translated into targets. Apart from simply wishing to see a continuing improvement in key indicators (e.g. length of time required to make payments), there do not appear to be specific operational targets. Similarly, there appear to be relatively few common performance indicators for the EACI-managed programmes, a drawback arising from the unavoidable fact that it is difficult to aggregate a high proportion of performance data at the Agency level to provide a strategic overview (this issue is discus sed in more detail below).

Is there anything in the organisational environment that has changed, which could imply that the outsourcing solution is no longer an option?

Our assessment suggests that t he relevance of the EACI to the needs it is intended to meet was strongly demonstrated when the Agency was established and has remained so subsequently. This is true across the full breadth of the EACI's remit. There are no factors in the organisational environment that have changed to the extent

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that the merits of the outsourcing option have become doubtful. If anything, given the more pronounced constraints on the EU budget, the need maximise efficiency gains through arrangements such as outsourcing has become even more pressing.

3.7.2 Effectiveness

Q.2: To what extent is the Agency operating according to the legal framework establishing the Agency?

- Do the annual work programmes and activity reports reflect the operations delegated?

- Are there any "grey areas" that need to be reviewed and either incorporated i nto an instrument or ceased/ hived off into other areas?

As noted earlier (Section 2), t he EACI was set up by a Commission Decision 2007372/EC of 31 May 2007 amending Decision 2004/20/EC transforming the Intelligent Energy Executive Agency into the Executive Agency for Competitiveness and Innovation.

Our assessment suggests that the EACI's activities, as set out in the annual work programmes and reported on in the Agency's activity reports, closely correspond with the tasks set out in the legal framework provided by the 2007 Commission Decision and the Act of Delegation. There are no obvious 'grey areas'. Article 4 of the Commission Decision is especially relevant in this respect. Article 4(a) (Objectives and tasks) of the 2007 Commission Decision entrusts the EACI with 'managing all the phases in the lifetime of specific projects … as well as the necessary checks to that end'.

Article 4(g) (Objectives and tasks) of the 2007 Commission Decision requires the EACI to be involved in 'gathering, analysing and passing on to the Commission all the information needed to guide and evaluate the implementation of the CIP and the second Marco Polo Programme'. As noted in the previous section, in addition to its management activities in relation to the various programm es, in conjunction with the Commission, the EACI has developed a performance measurement framework for programmes it manages that provides a useful way of checking how well tasks are being undertaken. This applies to tasks throughout the lifetime of projec ts. The performance indicators being used focus on throughputs (number of proposals, contracts actually signed, etc) and service efficiency (e.g. length of time to make payments).

With IEE, Marco Polo and Eco -Innovation, there are in each case a number of monitoring indicators relating to projects and the characteristics of beneficiaries which provide an insight to 'outputs' and 'results', and the extent to which intended target groups are being reached. The EACI is also responsible for evaluation of projects and fulfils this task through site visits and reports it obtains from beneficiaries. The Enterprise Europe Network also has quite an elaborate indicator system . However, the scope for aggregation at an Agency level of the 'outputs' and perhaps some 'r esults' being achieved by different programmes is limited because the same indicators are not used across all EACI-managed activities and this limits the capacity to provide more

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strategic feedback on implementation of the CIP. Aggregation of impacts is no t possible because of the differences between the programmes.

Q.3: To what extent has the Agency achieved its objectives?

- Is there a "read across" from the instrument of delegation to objectives in the work programmes and activity reports?

- How regularly and robustly are outputs audited and monitored? Are actions recommended in such reports implemented?

The management tasks entrusted to the Agency are laid out in the EACI Act of Delegation adopted on 9th July 2007. Key elements of this are project/ programme management and budget related:

Project/ programme related:

- Management of the project cycle, in particular managing all the phases of the lifecycle of the projects and other implementing measures;
- Information to the public, such as planning and performi ng promotion actions, information and dissemination activities, including meetings, seminars or conferences, related to the programmes, their implementing measures and results;
- Preparing recommendations for the parent DGs.

With regard to EIP, the Agency is in charge of project management and network animation of the Enterprise Europe Network, pilot and market replication projects, and innovation actions with a high degree of standardisation. With regard to the Network, the Agency is to develop, implement, monitor and report on: (a) support to the governance of the network; (b) IT tools and databases; (c) Network communication, information and support; (d) training; and (e) quality and reporting systems.

The Commission alone may perform tasks involving a meas ure of discretion implying political choices. In particular, it remains responsible for: (a) defining objectives, strategies and priority areas of action, and evaluating the programmes and their implementing measures; (b) adopting work programmes counting as financing decisions; (c) representing the Commission in the committee and submitting to the committee measures to be taken; (d) launching interservice consultation within the Commission; (e) launching and taking enforceable recovery decisions.

Budget related:

The Agency is responsible for adopting budget implementation tasks covering revenue and expenditure, including all operations necessary for implementing the parts of the programmes entrusted to it, and in particular those connected with the award of contracts and grants. This includes: (a) concluding public procurement procedures and manag ing the ensuing contracts, involving all the operations required to

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launch and; (b) awarding grants[28] and managing the ensuing agreements, involving all the operations required to launch and conclude grant procedures.

On the basis of our review of Annual Activity Reports, Work programmes and Quarterly reports, there is certainly a close read -across between what the EACI was mandated to do and what it is doing. From an operational point of view these objectives are tracked in the Annual Activity Reports as:

- Tailor-made implementation procedures contributing to faster program implementation (indicator: average payment time (pre -financing, interim and final payments);
- Closer contact with project promoters and partners (indicators: EU info days, numbers of proposals submitted to call s);
- High visibility of the European Union as promoter of the programs (indicator: video broadcasts and viewers);
- A reinforced capacity of t he partners of the Enterprise Europe Network to provide effective services in support of business and innovation (indicators: IT tools, annual conference attendance, number of staff trained, assessment of technical report s);
- Feedback to the European Commi ssion (indicators: project results recommendations transmitted).

Budget expenditure is tracked closely in the financial reports. At programme level there is more detailed and specific monitoring, as has been set out in the preceding sub-sections dealing with programme level activities. One question in this context is that given that the various programmes have been able, in response to the financial crisis and on request of the Commission, to reduce the time for processing payments to beneficiaries from 45 days to 30. This raises the question of whether the time period could have been reduced further but, more generally, there is an issue over the balance between setting realistic targets, on the one hand, and ensuring they are challenging, on the other. It has proved difficult to evaluate the "stretch" elements in the targets set in the Work Programmes. Within programmes there are regular weekly/monthly reviews of activities to identify any issues that may be emerging with projects or other activities so th at action can be taken early on.

The preceding review of performance at programme or initiative level suggests that overall the EACI has achieved the objectives it is required to fulfil . The several evaluations under way are looking into performance of programmes so far (these are not driven by the instrument of delegation but are required under the CIP legal base) . Furthermore, ongoing

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[28] For Marco Polo the award decisions resulting from the annual call fo r proposals are taken by the Commission.

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combined ex-ante studies and impact assessments are assessing future actions to be financed under the post 2013 budget [29].

Q.4: To what extent has the Agency led to an improved management of the programme(s) and better services to the stakeholders and addresses as compared to the alternative options?

- Do staff have the right skills? Can they apply these skills in the EACI enviro nment? What is the rate of staff turnover, age and experience of staff?

- How well are programmes managed? How is programme management evaluated – is there a culture of continuous improvement (e.g. in terms of simplification, flexibility, proximity, timeline ss, responsive)?

- Has the Agency responded to issues identified or suggestions made in the course of customer surveys, meetings, or reports?

- How responsive is the Agency to needs of stakeholders?

- How satisfied are stakeholders with management of program mes? Is this tracked over time?

- How might these points be dealt with in terms of the other options available? Were there opportunities that could have been seized but weren't , or constraints that might not have existed?

The main alternative to the EACI is delivery through the Commission. In this context, the key findings from the research are as follows:

In the first place it is unlikely that the required number of staff of the type required to manage programmes could have been recruited into the Commiss ion environment. In addition, staff recruited by the EACI has been, in general, more technically oriented, rather than institutional and policy oriented as would be expected of Commission staff, which means that they are better able to deal with the technical issues in question and manage the programmes.

EACI staff is in many cases highly motivated and mission -driven and with an average age of between 30 -40 years, has the necessary maturity and experience to deal with complex situations. While the quite high staff turnover (particularly in 2010), especially as regards contract agents, and in particular financial officers, is certainly an

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[29] In addition to routine internal monitoring, there are various external checks. The EACI is estimated to have been the subject of some 36 different audits and 10 evaluations since it began operating. Apart from exa mining the findings of these assessments, a question to be considered is the extent to which there is an appropriate balance between ensuring accountability, on the one hand, and not diverting attention and resources from operational tasks through excessiv e scrutiny, on the other. There is course be limited flexibility in this regard given the requirements set out in EU legislation. Apart from audits and evaluations, we understand that the EACI also undertakes its own client satisfaction surveys (e.g. of th e Network partners).

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issue, there is not a great deal that the EACI can do about this other than to implement a retention programme and to lob by the Commission to enable some changes to made as regards the conditions under which contract staff can be employed. Even though there is a high number of applications for EACI vacancie s, especially for those staff categories that do not require CAST or for temporary agents' positions (on average some 200 applicants per vacancy in 2010), it still takes some 3 months to fill a vacancy. The recruitment procedures that the Agency is required to follow are quite cumbersome . This also has a negative impact on the management of programmes and initiatives. Having said that, if these activities were carried out within the Commission, there is no reason to expect that contract staff turnover would be any less, and maybe more given that the contract agents can only stay in the Commission for three years.

One of the drivers for the creation of the IEEA, and later the EACI, was that it would be possible to have more flexibility as regards the deployment of resources in dealing with changes in the workloads in differen t programmes at different times. At present this has not yet proved possible as staff are recruited into specific programmes. However, as mentioned elsewhere, a project is under way looking at identifying a group of "floaters" that could be deployed in dif ferent programmes depending on workloads at given moments in time

Overall, our view is that programmes are better managed by the EACI than would have been the case in a Commission environment. We have found a culture of continuous improvement present in pr ogramme management, as well as a sharing of knowledge and best practice between programmes.

As regards resourcing of the EACI, we understand that when it was established, the EACI's level of human resources was fixed at a level that would have been th e same if its tasks were handled by the parent DGs themselves. As far as the workload is concerned, it was pointed out to us in the preliminary interviews that in addition to handling calls for proposals, the processing of applications, contracting arrange ments, there is a quite heavy workload associated with the monitoring of projects. This is especially so given that many beneficiaries are SMEs and thus perhaps especially demanding in terms of support needs with regard to project implementation/reporting . Some projects (e.g. in IEE) have an average of 10 partners, and there is a need for all projects to be subject to at least one on-site visit (two for Marco Polo) by EACI staff as part of the monitoring arrangements.

The EACI has responded well to stakeholder needs (for example, to the Commission when requesting a reduction in time for making payments to beneficiaries and providing a platform for increasing the visibility of the EU as promoter of the programmes and initiatives entrusted to the Agency). Our interviews of beneficiaries also suggest a high overall level of satisfaction with service delivery, and appreciation of the efforts made by the EACI to continually improve its services (e.g. through simplification, increased proximity to beneficiaries).

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Q.5: To what extent is the coordination between the Agency and the Commission services (including the parent DG, relevant horizontal services and offices) working satisfactorily?

- Are the "formal" co-ordination mechanisms (e.g. meetings, minutes of meetings, monitoring reports) operating as they should?

- Is the "human side" of co-ordination working? Does the key information and feedback flow or are there barriers to co-ordination and communication?

- Do operations run according to plan or are there sometime s unnecessary or unexplained delays?

There are a number of mechanisms designed to ensure that there is close coordination between the EACI and Commission services , and these work well. This includes the quarterly Steering Committee meetings, EACI Managemen t Group meetings, monitoring and quarterly reporting arrangements, the regular liaison meetings at Heads of Unit level and the four meetings per annum (the minimum requirement according to guidelines is two) that the EACI Director has with each of the Agency's parent DGs. In addition, Projects Officers at the EACI are cultivating effective relationships with their counter parts in the policy DG's.

The EACI places a lot of emphasis on communication with parent DGs and other stakeholders at a European and Mem ber State level. Feedback from our interviews with Commission officials suggests that at the 'human' level the relationship is generally close and works well. In relation to external stakeholders, the tools used by the EACI to communicate with stakeholders and target audiences include the EACI and programme websites, videos and other marketing material explaining the Agency's activities, information days, conferences and other activities.

3.7.3   Cost-effectiveness and operational efficiency

Q.6: To what ext ent has the Agency carried out its work efficiently?

- Is there a system that tracks planned vs actual savings (between the various options made for the CBA) on a continuing basis (e.g. at least quarterly), distinguishing between fixed and operating costs?

- How are Agency costs determined and monitored? Is there a continuous process of review and improvement? Are there factors in the way of dynamic costs management?

The EACI has remained within its envisaged budget, on the one hand, and achieved the targets set for the Agency, on the other. There is therefore a prima facie case that it has achieved the savings that it was intended to make for the EU budget. The CBA (Section 4.4 below) considers this in more detail. Costs are managed, closely monitored and kept under control through rigorous financial reporting systems.

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Calculations made in Section 4.4 also suggest that the main alternative viable option, that is, delivery through the Commission, would be substantially more costly and not provide the same be nefits. However, a missing element in the equation is any monitoring of the realised outcomes to demonstrate whether or not the intended savings that the Agency was to achieve in terms of the cost benefit analysis that supported its creation have been realised in practice. In this respect it is worth mentioning that the recent European Court of Auditors' report on executive agencies suggests that it is difficult to relate actual cost savings to the initial projected cost saving targets in the agencies. The first evaluation of the EACI also indicate d that robust numerical cost saving data are quite hard to identify.

Q.7: To what extent have the Agency's internal organisation and procedures been conducive to its efficiency?

- Is there a participatory organisational culture (in terms of setting targets, developing and implementing plans, reviewing results?)

- Has the outsourcing of these activities during this second evaluation period continued to provide the benefits envisaged in the Instrument of Delegation and as identified in the CBA? This includes, on the one hand, improved service delivery at reduced costs; and on the other, the retaining of focus on institutional, rather than operational issues at the Commission.

- Is the formal organisation structure appropr iate?

As noted earlier, during the period covered by this evaluation, the EACI went from being an organisation (i.e. the IEE secretariat) with less than 50 staff, one programme to manage and one parent DG, to a relatively large Agency with almost 150 per sonnel, three programmes, four parent DGs and a budget of €1.7bn over the period 2007 -2013 to manage.

There have been several internal reorganisations of the EACI to reflect changing circumstances. As noted earlier (Section 3.1), very recently, the EACI has undergone a further reorganisation with a new unit being created (Unit C - Communications and Network Support) along side an existing horizontal unit (Unit R – Resources). At the same time, whereas previously the Enterprise Europe Network was handled by unit 3 & 4 (Network Animation and Project Man agement respectively) and Unit R (for the IT tools) , the same sectors are now in unit 4 (Network Operations) and unit C (Network communications and governance). Overall, horizontal functions with regard to communications and networking have been strengthen ed.

The EACI's organisation structure has separate operational units for different programmes, which is clearly appropriate. However, as with any organisation, the compartmentalisation of different activities c an have the drawback of reducing the possibility of joint working and synergies. With the EACI, it seems that considerable efforts are made to ensure cross-unit communication, not only through meetings of the management team but also a sharing of experience and information on other aspects of

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the EACI's operations (e.g. in relation to the evaluation of projects where the experience of IEE was transferred to Eco-innovation, or thanks to regular meetings of financial staff). Introducing stronger horizontal functions (as in the recent reorganisation) has helped, and should continue to strengthen this dimension of the EACI's operations. In the annual screenings on Human Resources carried out by DG HR for all executive agencies, the EACI has a ratio of administrative staff significantly below the average (10.2% for EACI in 2010, while the average of all EAs was 14.4%).

Turning to the question of outsourcing, as noted earlier (Section 2), our research supports the conclusion of the 2009 Court of Auditors' report . This argued that Executive Agencies have proved beneficial as a result of their specialisation and consequent ability to provide a better service in terms of guidance to beneficiaries, communication of projects' results, reduced time for contracting, more rapid approval procedures for technical and financial reports, lower payment delays, etc. The report also argued that while there have been net cost savings from setting up the Executive Agencies, and in particular their use of contract agents, the precise extent of these savings is difficult to quantify because this depends on the redeployment of the Commission staff who were previously doing the work taken over by the agencies, and on the suppression of the contract staff posts within the corresponding programme at the Commission. Sharing of "back-office" functions has also contributed to savings.

Less positively, there are costs and a loss of efficiency involved in replacing EACI staff who leave the organisation - the recruitment procedure, the loss of knowledge when staff leave, the costs of induction, training and familiarisation of new joiners, the loss to the programme/ project teams involved when a team member leaves (it takes about three months to replace a person), and the resultant knock -on effect on beneficiary satisfaction, all of which reduces the quality of programme delivery and drives up costs – which could have been used for other, more productive purposes. On the plus side it can be said that new staff can bring in new experiences, approaches and ideas.

3.7.4 Utility

Q.8: To what extent has the Agency enabled the Commission to better focus on its institutional tasks?

The feedback we have obtained from Commission officials in all four parent DGs indicates that the delegation of implementation responsibilities to the EACI has helped them focus on policy related aspects of programmes and initiatives. The feedback and regular updates provided has also helped them understand market trends, and provided them with information on how to develop their programmes and initiatives in order to be most effective.

Q.9: To what extent has the Commission, in the presence of the Agency, been able to maintain an adequate level of know -how in relation to the programme(s) entrusted to the Agency? How was this achieved?

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The Commission has maintained a good level of know-how in relation to operational aspects of the EACI-managed programmes through the various feedback mechanisms described earlier.

Q.10: To what extent have the activities of the Agency resulted in unintended effects (both desirable and undesirable)?

Although the quite high turnover of contract agents is disruptive, many use the experience of working at the EACI to obtain jobs in other European institutions and agencies and this means that the recruiting institutions obtain personnel who are already experienced and trained in key functions. This is perhaps the most obvious unintended effect.

4. Cost Benefit Analysis

In this section we present a Cost Benefit Analysis. This has been done in accordance with the Commission's guidance.

4.1   CBA Aims and Methodology

According to Article 25 of Regulation 58/2003 of 19 December 2002, as part of any evaluation of the EACI, there should be a Cost Benefit Analysis (CBA) covering the following aspects referred to in Article 3 of that Regulation:

- Identification of the tasks justifying outsourcing;
- The costs of coordination and checks and impact on human resources,
- Possible savings within the general budgetary framework of the EU;
- Efficiency and flexibility in the implementation of outsourced tasks;
- Simplification of the procedures used and proximity of outsourced activities to final beneficiaries;
- Visibility of the EU as promoter of the programme concerned;
- The need to maintain an adequate level of know -how inside the Commission [30].

As with any CBA, the direct costs of a particular intervention can usually be identified and quantified relatively easily, but indirect and unintended effects may be harder to identify. Benefits are often more difficult to quantify (the third and subsequent points in the list). The benefits may, for example, be quite widely spread (e.g. only apparent amongst a large number of beneficiaries), perhaps of a rather intangible nature (e.g. improved synergies) and possibly long -term in nature.

More fundamentally, simply relating costs -to-benefits does not, in itself, constitute a judgment on how successful or otherwise an intervention has been. Alternatives, comparisons and/or counterfactuals are needed. In the case of the EACI, the principal alternative to outsourcing is returning the programmes to the parent DGs and managing them internally. Even if alternative delivery mechanisms are not considered, it is still possible to ask the question: could the same results have been achieved with reduced financial and human resources or, conversely, could the same inputs produce more outputs. Comparators are helpful in this respect.

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[30] Several of these aspects have been addressed in the overall evaluation as set out in preceding sections. However, in order to be able to report to the budgetary authority on the retrospective CBA, this section collates and presents the elements of the CBA as required in Regulation 58/2003.

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4.2   Identification of the tasks justifying outsourcing

The tasks being carried out by the EACI relate exclusively to the management and implementation of programmes as delegated to it. Supporting these are the animation activities of the Network. These tasks include:

- Organising calls, reviewing applications, making the awards and drawing up contracts;

- Evaluation and monitoring within the project management cycle, signing off projects and disseminating results (where appropriate);

- Communication activities (information, thematic events, guidance for applicants, helpdesks etc.)

- In addition to project level activities, the Agency reports back to the parent DGs on programme/ initiative-level performance and provides updates on knowledge of market developments.

This focus on project management tasks is the outcome of the decisions made since the first studies on externalisation in 2002 for the IEE that led to the creation of the IEEA. Although there are aspects of the rationale for outsourcing that are specific to each of the EACI-managed programmes (see Section 3.2-6), there is also a common argument that the tasks associated with the implementation of programmes can be carried out more cost-effectively on an outsourced basis than internally in the Commission. We consider this argument in more detail below.

4.3   Costs and impact on human resources

It has not been possible to develop exact estimates of the costs of coordination and checks that are the result of externalisation, on the one hand, and then to compare that to what might, hypothetically, have been the case if the services were delivered in -house or through some other mixed delivery mechanism.

4.3.1   Coordination costs

The question of coordination costs related to externalisation has received attention in discussions on the relative merits and demerits of outsourcing, but often tends, in reality, to be dependent on situation specific factors. In the case of the EACI and its parent DGs, as a previous evaluation of the EACI/ IEEA in 2008 suggests, the high level of trust between the parties involved, and the good informal relationships between the individuals concerned means that costs of coordination and checks are probably less than would have been the case with a completely arms -length third party supplier [31].

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[31] Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation – (ex-Intelligent Energy Executive Agency)', Deloitte for the Directorate General Energy and Transport (DG TREN), 6 May 2009, pp.106 -7.

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Certainly, there are some up-front costs as organisations need to think through exactly what they want to do, and then put the necessary structures in place. But two points can be made about this. In the first place, it is appropriate for an organisation to (re)examine what it is doing, whether the intention is to externalise or not. This should be part of the normal strategic reviews organisations periodically undertake. In the second place, many of the costs of actually implementing an externalisation option are a one-off, to do with set-up, and not necessarily on-going. Costs incurred for coordination and checks due to the decision to externalise delivery of these programmes relate largely to:

- Developing work programmes and other guidance providing an overall framework for coordination and checks;

- Regular meetings between EACI staff and parent DG personnel to develop plans and review developments;

- Various requirements with regard to monitoring and reporting back to parent DGs through quarterly and other reports.

However, our view is that even if the EACI-managed programmes had remained within the parent DGs, it would still have been necessary to have such meetings and reporting arrangements. As such, there is no a priori reason why the costs of coordination should be greater than if the services had remained in-house, and if they are greater, the increased costs of coordination associated with outsourcing are likely to be marginal. They are also largely unquantifiable.

4.3.2 Impact on human resources

A key driver of outsourcing has been the need for sufficient human resources to implement the various EACI-managed programmes and, more particularly, to allow for their expansion. The outsourcing solution offered – and continues to offer – a number of advantages:

- These required human resources may well not have been forthcoming within the required timeframe and in the numbers needed if the programmes had continued to be run from within the Commission;

- The EACI's ability to recruit large numbers of highly qualified contract agents (see Section 3.1) is especially relevant as this is one of the reasons why outsourcing is more cost-effective. The Commission would almost certainly have only been able to achieve a much lower ratio of contract agents to permanent officials;

- The recruitment procedures are rigid, by being open to a large number of candidates and permit recruitment of very specific profiles in Group IV for which EPSO does not always run selection tests. The Commission would not have been able to recruit such specialised skilled staff;

- Even within the Commission, there would still be a relatively high turnover of contract staff first, as the maximum time period they can work there is three years, and second because the same contract agent could successfully pass a concours and

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leave their current position for a permanent official post (either at their current DG or at other EU institutions); therefore so recruiting contract staff into the Commission is not a solution to relatively high turnover of contract staff at the Agency;

- Outsourcing has made it possible to build up expertise in programme implementation in a way that would have been more difficult in the Commission ;

- While outsourcing and use of contract agents has resulted in a high turnover of staff among contract agents (see below), this has also had the side effect of renewing the pool of staff within the EACI with people with new ideas and enthusiasm.

In the case of IEE there would have been costs incurred in the closure of the IEEA if the programme had been "repatriated" into DG ENER. So as regards the parent DGs, the impact has been, overall, salutary. It has protected them from extensive upheaval and change and allowed them to focus on policy rather than operational issues. In addition, the turnover of staff from the EACI into the Commission and other EU institutions, while being disruptive and a loss to the EACI, has provided the Commission with individuals who are likely to have developed good project management and other administrative skills while at the EACI.

Within the EACI, a 2009 staff satisfaction survey found that an overwhelming proportion of staff were satisfied with working at the Agency. Their only or main cause for concern related to the number of staff that are thinking of leaving the EACI in the next two years. In most cases, however, this is not likely to be because of dissatisfaction with the job but rather due to the limited career opportunities within the Agency[32] and better conditions offered elsewhere. In particular, there has been a relatively high turnover of contract agents.

Turnover at the Agency as a whole for 2010 was 13.5%[33], but most of this is accounted for by contract agents. Even if 2010 was a higher than normal year for staff turnover, as noted earlier, many staff in this category use the EACI as a stepping -stone for a job in the other European institutions or agencies. This high staff turnover has led in some units to a lack of con tinuity in dealing with beneficiaries and a loss of efficiency overall. Turnover amongst EACI Finance Officers has been a particular problem. There are a number of costs related to the quite high turnover of contract staff at the Agency that need to be born in mind:

- Costs of recruitment to replace departing staff are quite onerous. For example, the average number of respondents for the 12 posts advertised in 2010 was close to 190, and in one case close to 500. The procedures as regards recruitment are set out in detail and very rigid and prescriptive. All steps in the process need to be well

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[32] EACI, 2009, Report on the Findings of the 2009 Staff Satisfaction Survey among the EACI staff, p.26.
[33] Annual Activity Report, 2010.

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documented for audit purposes, and development of short lists, panels, and carrying out interviews ties up senior staff for substantial periods of time.

- The costs of inducing new recruits to the organisation, training them, and getting them fully operational and productive, when the average period that a contract agent stays with the EACI is 2years and 7 months, are, relatively speaking, considerable. On average it takes two months to fill a post.

- Due to the issues related to recruitment, there will have been the equivalent of some 75 months of unused staff capacity during 2010. While this keeps costs down it also means reduced output for the Agency overall.

The relatively high turnover of contract staff is a drain on EACI resources. However, given the constitution of the Agency, there is not much that can be done about this. But some measures to increase retention could be considered (e.g. making it easier to move vertically within the organisation for contract agents (promotion), harmonisation of recruitment conditions in various executive agencies); and the difference between remuneration levels of contract agents as opposed to Commission officials ensures that there is still an overwhelming argument for their use at the Agency.

While overall the impact on human resources has been positive with Commission staff being able to focus more readily on policy and the Agency providing a cost-effective way of managing and implementing operations, there are still some areas where improvements might be made in this area.

4.4 Possible Savings

The question of possible savings within the general budgetary framework will be considered from the following points of view - in terms of the situation as envisaged in the Legislative Financial Statement[34] that transformed the IEEA into the EACI; and in terms of the two main (realistic) delivery options: through the EACI and through the Commission.

4.4.1 The Legislative Financial Statement

The financial and human resources planned for the EACI for the period of 2007-2015 are set out in the Legislative Financial Statement ('fiche financière') converting the IEEA into the EACI.

The operating budget for the EACI for the years 2008, 2009 and 2010 was set at €15,314,000, €15,883,000 and €16,443,000 respectively[35]. The outturn for 2008 was

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[34] Legislative Financial Statement for amending Decision No 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation.

[35] Legislative Financial Statement for amending Decision No 2004/20/EC in order to transform the "Intelligent Energy Executive Agency" into the Executive Agency for Competitiveness and Innovation, p.5.

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€11,485,500, and the appropriations for 2009 and 2010 were €13,330,000 and €15,963,000. Dividing 2008 into two equal parts (as the evaluation only deals with th e second half year, and assuming the two were equal) , this means that for the relevant period, the budget for the two and a half years under review was €36,712,002 whereas actuals were €35,035,750. So the actual financial resources used stayed within the b udget envisaged.

The Legislative Financial Statement is itself based on the realisation of freeing up of financial resources due to the delegation of the programmes, and as the Agency has stayed within the budgeted figures, this implies that these savings have been realised.

4.4.2 EACI and Commission options

From the point of view of identifying possible savings in terms of the primary optional delivery models – externalisation through the EACI and doing all within the Commission, the following approach has been adopted: a basic summary of the actual external ized position is set out as in T able 4.1 below. Actual salary costs plus non -labour costs provide a total cost figure for the EACI as set out in the bottom row of the table. The figure for 2008 splits the year into two halves so that it corresponds to the period of this evaluation.

Table 4.1: Baseline (externalise)

Actual EACI data	2008*	2009	2010
Staff numbers and costs			
Staff numbers			
Seconded and temporary agents	27	28	33
Contract agents	104	113	109
Total	131	141	142
Staff salary costs (actuals)	€ '000	€ '000	€ '000
Total	3535	8509	9113
Actual per unit staff salary costs			
Total (average, annual)	54	60	64
Non-labour costs	€ '000	€ '000	€ '000
Actual other non -labour costs			
Administrative	1217	2170	4494
Technical costs and admin istrative support	766	1627	1877
Total	1983	3797	6371
Total costs	5518	12306	15484

* half year

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The next table (Table 4.2) presents what this would have looked like, using the Commission's standard cost data for staff (€63,000 pa for contract agents until October 2010 when this was increased to €64,000; and €122,000 for Commission employees until October 2010 when this became €127,000), had this been carried out internally by the Commission (and keeping non-labour costs constant). To arrive at the total costs figure, the same number of staff as are presently employed, but using Commission standard cost salaries, is used.

Table 4.2 (i): Baseline (internalise)

	2008*	2009	2010
Staff numbers and costs			
Staff numbers			
Seconded and temporary agents	27	28	33
Contract agents	104	113	109
Total	131	141	142
Staff salary costs (inclusive)	€ '000	€ '000	€ '000
Seconded and temporary agents	3294	3416	4067
Contract agents	6552	7119	6894
Total	4923	10535	10961
Per unit staff salary costs	€ '000	€ '000	€ '000
Seconded and temporary agents	122	122	122/7
Contract agents	63	63	63/ 4
Total (average, annual)	75	74	77
Non-labour costs	€ '000	€ '000	€ '000
Other non-labour costs			
Administrative	1217	2170	4494
Technical costs and administrative support	766	1627	1877
Total	1983	3797	6371
Total costs	6906	14332	17332

Comparing the total costs figures in Tables 4.1 and 4.2(i), there is a saving of €1,388,000 in 2008, €2,026,000 in 2009 and €1,848,000 in 2010 from using the outsourced option, which adds up to a saving of €5,262,000 over the period as a whole. However, in our view it is unlikely that it would be possible to employ the ratio of Commission staff to contract agents as set out in the baseline internalise in Table 4.2 (i) which is that in the EACI. If the ratio of contract agents were, for example, set at 20%,

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which reflects the situation in the LIFE + programme where the percentage is between 15 - 20%, rather than the approximately 80% of the baseline internalise calculation, the savings for the EU budget would be radically increased, as presented in the table 4.3 (iii).

Table 4.2 (ii): Baseline (internalise)

	2008	2009	2010
Staff numbers and costs			
Staff numbers			
Seconded and temporary agents	105	113	114
Contract agents	26	28	28
Total	131	141	142
Staff salary costs (inclusive)	€ '000	€ '000	€ '000
Seconded and temporary agents	6405	13786	14051
Contract agents	819	1764	1771
Total	7224	15550	15822
Per unit staff salary costs	€ '000	€ '000	€ '000
Seconded and temporary agents	122	122	122/7
Contract agents	63	63	63/ 4
Total (average, annual)	110	110	111
Non-labour costs	€ '000	€ '000	€ '000
Other non-labour costs			
Administrative	1217	2170	4494
Technical costs and administrative support	766	1627	1877
Total	1983	3797	6371
Total costs	9207	19347	22193

In this case, comparing total costs in Table 4.2(ii) with those in Table 4.1 the cumulative savings from using the EACI rather than the Commission option over the two and a half year period would be some €17,438,000.

As regards other options for delivery of the service, we do not think that it is realistic to envisage a situation, given recent experience with using external contractors, where a purely external organisation could be used for service delivery.

A further (value for money) question is whether the EACI could perform its ro le with less financial inputs or whether the same inputs could produce additional outcomes. One answer to this is that the EACI has now become fully operational after

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the initial set up and integration of all the activities into one organisation, especiall y as regards the Network. This having been done, it is only to be expected that with learning and increased experience it will be possible to do more with the same, or even less. The improvement in key performance indicators (e.g. contract periods, payment delays) supports this view, despite the EACI having been asked to take on some additional activities not initially foreseen (e.g. increase of number of Network partners in Art 21.5 countries; additional services such as ad hoc assistance; more IEE Concert ed Actions and tenders) , and more recently: the management of Your Europe Business -portal)..

The staff survey of 2009 does not suggest that staff is under unduly high levels of stress, so overall it should not be unrealistic to expect continuous improvem ents in outputs. Of course, it is incumbent upon the EACI to continue to feed through such information to parent DGs so that programmes can continue to be improved to ensure better outcomes.

As regards EACI staffing, it was therefore only in 2010 tha t the EACI achieved its full staff complement in terms of the estimates in the legislative financial statement. The current challenge is to keep the contract agent positions filled due to high turnover in this category of staff. In the meantime the EACI had continually been increasing its effectiveness and performance, suggesting that useful savings were being made within the general budgetary framework of the European Union.

Although there have been efficiency gains associated with EACI management of programmes because of its staffing structure, there have also been drawbacks (see above 4.3.2).

4.5   Efficiency and flexibility in outsourced tasks

There has throughout the period under review been a continuous drive by the EACI to increase the efficiency and flexibility in the implementation of outsourced tasks in all the programmes and initiatives it is responsible for:

- Trends with regard to key operational indicators have been positive;

- Steps have been taken by the EACI to improve and simplify procedures;

- By bringing outsourced activities together, it has also been possible to exploit synergies.

Taking the first point, this has manifested itself in the trend with regard to key indicators such as: average payment time (pre -financing, interim and final payments); contracting period; feedback to beneficiaries; communication of projects results. The number of applications has also continued to grow steadily as programmes have expanded. There has also been a substantial increase in sophistication of the procedures involved – for example in detailing and negotiating awards (better explanations given to proposers; in -depth contract negotiations) . While this has required

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more time up front, the programme managers and project officers involved think this has been worthwhile due to the saving in time later on in the project s by having a clear understanding between parties of what is involved from the beginning.

In addition to the improved efficiency, EACI programme managers have striven to simplify the procedures to ma ke them more customer -friendly. This has two aspects: firstly, in comparison to what would have happened if the programmes had remained within the Commission; and, secondly, with regard to continuous improvement of the procedures within the EACI. As an example of the former, the Head of Unit of one programme pointed out that to do things within the EACI require three signatures, whereas previously in the Commission environment it might have required 13 signatures. As regards simplification of internal EACI procedures, examples highlighted by the research include: in the case of the IEE, reduced needs for bank guarantees and performance guarantees, audit certificates, use of pre -finance. There is also continuous improvement and increasing professionalism in p roject management, for example with the development of IT systems to track project progress and follow up; likewise, with the Enterprise Europe Network, steps have been taken to streamline the performance measurement framework by reducing the number of programme indicators from 50 to 35.

These and other simplification initiatives have meant that EACI resources have been better used in the sense of being able to expedite projects and being less tied up in unnecessary bureaucratic procedures . Project beneficiaries have also been able to get their projects up and running more quickly and with less set -up costs and tying up of funds in overheads and working capital. More resources could be dedicated to the provision of technical and financial guidance to benefi ciaries, and to the dissemination of projects' results.

The EACI has also successfully developed initiatives to share knowledge and experience between the programmes to identify and develop best practice. This has, for example, been demonstrated by the use of the Network to help promote awareness of the programmes and initiatives under EACI management. There is no doubt that the Network could in any case have been used for this purpose but this has been easier given that it is managed by the same organisati on as the other initiatives, especially as now they are all under the same roof. The IEE programme has also shared its experiences with the younger Eco – Innovation initiative.

Less positively, there is some lack of horizontal staff mobility across the EA CI and different units within it. As contract agents, staff are recruited into specific positions and cannot easily transfer to other jobs in the Agency. This means that human resources cannot easily be adjusted to reflect changing work loads. However, the re is a project within the EACI to identify a group of support staff that could readily "float" between programmes in case of the need to deal with peaks in some areas, or where there have been many departures that have not yet been filled.

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Finally, the Agency has managed the contracts on time, without accumulating a backlog of old contracts (RAL or "reste a liquider"). An example, by comparison, is the way the contracts of the previous generation of programmes were managed. The last contracts were signed in 2007 and generally lasted 3 years (5 years as a maximum). Most of them will be closed in 2011. In the 2012 budget the Agency only requested 0 .5 million for Marco Polo 1 (to make the final payment on a 5 -year contract) and 0.5 million on one of the two IEE1 budget lines.

4.6   Proximity of outsourced activities to beneficiaries

Proximity to target groups for the delegated activities is vital for the success of the outsourced programmes. In the case of the EACI, e vidence of increased proximity (for example, achieved by special communication efforts through national info days) is found in the increased number of responses to calls for proposals. Improvements in contracting times, payment times and project follow -up and monitoring have all meant that the EACI has been able to get closer to and meet the needs of final programmes beneficiaries.

There are however still areas for improvement. For example, in the case of the Network, several beneficiaries interviewed indicated that it would be beneficial if the of ficers in charge at the EACI could be seconded to the various consortia for short periods so that they could have a better understanding of the nature of their work, but at the same time also understood that budget constraints would make this hard to imple ment.

4.7   Visibility of the EU as promoter of programme s

The creation of effective and targeted communication tools, the increased use of the Network by IEE, Marco Polo, Eco Innovation and IP Europeaware to communicate calls and publicise the programmes, as well as restructuring the communications unit within the EACI (which for example produc es videos for television communication networks) has made the EU more visible as a promoter of the programmes. One parent DG observed that the EACI was more visib le than the Commission in some of the projects it was involved with.

4.8   Maintaining know-how in the Commission

There is extensive reporting of results and regular updating through formal and informal meetings, but individuals both in the EACI and some parent DGs have expressed reservations about knowledge management in the sense of routine and non -routine updates on current trends and developments that may be of relevance as regards future programmes.

This is not common to all programmes and initiatives m anaged by the EACI. For example, the IEE team takes great efforts to ensure that their parent DG is regularly and fully updated, and also participates in events and decisions of import ance. There are even informal social events aimed at furthering the shar ing of non-codified knowledge.

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In the case of the Network, it would of course be impossible for the parent DG to be fully updated as to what is happening in all areas where it is present – this is in the nature of managing a network – and emphasises why it is important to manage and maintain the Network as a major, living, source and repository of skills and knowledge for the Commission.

4.9 Overall CBA Conclusions

The table on the next page summarises the results of the cost-benefit analysis. Overall our view is that the cost equation is significantly in favour of a continued EACI delivery option, even if there are some undesired and hidden side effects, while the many benefits - most of which are not readily quantifiable - strongly reinforce the cost argument.

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Table 4.4: Summary - Cost Benefit Analysis

Key CBA Issues	EACI – Costs and Benefits	Alternatives – Costs and Benefits
The costs of coordination and checks	Certain costs are incurred to co-ordinate and carry out checks.	These costs would still have to be incurred within a Commission environment, although they might be marginally lower.
Impact on human resources	Strong positive impact in that a supply of suitable labour is available at a cost substantially lower than would be the case in the Commission, even if it would have been possible to recruit the additional staff needed to run the expanded programmes within the Commission environment.	The use of the EACI has also had a positive impact on Commission staffing in the sense that it has allowed it to remain relatively stable and not put pressure on Commission staff resources. It has also allowed the Commission staff to continue to focus on institutional matters.
Possible savings within the general budgetary framework of the EU	Savings have been largely driven by the ability to recruit contract agents at much lower rates than Commission staff. These savings have been realised over the period of the evaluation and are significant.	The Commission alternative would have been more costly largely due higher staff costs, even if the required number of posts could have been created and/ or contract staff recruited.
Efficiency and flexibility in the implementation of outsourced tasks	The EACI has been able to focus on delivery of programmes and increase efficiency through learning economies of scale through the programmes and initiatives it manages.	It is unlikely that with the Commission option the same degree of efficiency and flexibility would have been achieved due to preoccupation with political/ institutional/ administrative requirements within the Commission environment.
Simplification of the procedures used and proximity of outsourced activities to final beneficiaries	By focusing on program delivery and continuous improvement it has been possible to significantly simplify procedures and increase proximity to final beneficiaries.	It is unlikely that it would have been possible to achieve the same degree of simplification of procedures and increased proximity to final beneficiaries due to preoccupation with political/ institutional / administrative requirements in the Commission environment.

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Visibility of the EU as promoter of the programme concerned	Through concerted actions and making use of synergies within the EACI it has been possible to raise the visibility of the EU as promoter of the programmes concerned.	Separate actions by different parent DGs would not have been able to realise the synergies and economies of scale that can be achieved within the EACI as regards visibility of the EU as promoters of the programmes concerned, except at greater cost.
The need to maintain an adequate level of know-how inside the Commission	There are some weak links in maintaining of know-how within the Commission due to the outsourced option, however, these are not present to the same degree in all the programmes and initiatives, and some are inherent in the programmes in question.	While keeping programme delivery within the Commission might lead to retention of more knowledge, it could also be said that in view of it being unlikely that the Commission option would deliver such close contact with the market and beneficiaries, the knowledge retained might in fact still be less, or more incomplete than, the know-how delivered by the EACI, even with imperfect linkages.

5. Overall Conclusions

Below, we summarise the overall conclusions from the evaluation of the EACI and where appropriate make recommendations regarding the Agency's future development.

5.1 Overall Conclusions

Overall, the EACI is performing well and is an efficient and effective delivery mechanism for the initiatives for which it has operational responsibility.

The challenges faced by the EACI when it was established were considerable. Apart from setting up the Agency itself, these challenges included taking over new programmes, tackling shortcomings with existing ones, and helping the Enterprise Europe Network to come into being. The EACI successfully tackled these tasks and although there is scope for further improvement, feedback from key stakeholders and final beneficiaries is almost universally positive with regard to the Agency's performance.

5.2 Specific Conclusions and Recommendations

The rationale for outsourcing operational responsibility for programmes to the EACI remains valid. The factors that led to the delegation of tasks to the EACI to deliver the programmes and initiatives it is currently entrusted with, namely the need to recruit and deploy staff outside Commission employment constraints and to deliver services efficiently and effectively at low cost, remain valid. Therefore the relevance of the Agency is as high now as it has ever been.

The EACI has been able to take over and manage efficiently and effectively the various programmes and initiatives entrusted to it despite some major challenge s it faced. These challenges varied by programme/ initiative (see below). However, a common factor was the need for the Agency to quickly develop the capacity to manage the activities transferred it to ensure continuity in the delivery of programmes.

5.2.1 Overall Conclusions - Specific Initiatives

The EACI only took over responsibility for managing the Enterprise Europe Network in 2008 and so its track-record in this role is still too short to judge definitively. However, what can be said is that the early stages of the launch and operation of the Network were very difficult for all concerned. In this context, the EACI performed well in successfully tackling the challenge of not only taking over operational responsibility for a very large Network, but also bri nging about the restructuring of EICs and IRCs. The Agency has supported development of the Network, encouraging a fusion of the disparate capabilities of the various partners and making them aware of the importance of monitoring performance. Complication s have arisen and some remain (e.g. with regard to the IT tool) but these seem to be essentially teething problems. But this should not detract from an otherwise positive achievement. The feeling is that it is now time to build on what has been achieved, to have more confidence in the

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motivation and capabilities of the partners and to develop a more flexible and supportive approach – one more firmly based on partnership rather than direction from above.

Overall, the implementation of the Eco -Innovation Initiative by the EACI has been both effective and efficient with 100% absorption rates and high levels of satisfaction indicated by stakeholders. The Agency has established the processes and procedures that allow for efficient project application, selection, contracting and monitoring. Flexible and effective mechanisms have contributed to the success of th is initiative as reflected by the increasing number of applications over time. At present, Eco-Innovation has a relatively small budget of around €35 million. Looking ahead, an increase in the budget may require an increase in human resources and a strengthening of the IT tools to help cope with increased activities.

Management of the IEE programme has been improving under EACI management and feedback from key stakeholders and final beneficiaries is positive. This is further evidenced through the increasing scope of the programme managed, and increasing flexibility and innovativeness in project management, and key indicators such as contracts signed, contract period, and payment delays, but also by the expert feedback provided by the EACI towards the beneficiaries and the policy officers in the parent DGs. As regards other internal performance targets the IEE monitors itself closely and would appear to be perfo rming well.

The EACI also provides a much better environment for imp lementation of the Macro Polo programme . Judging by the EACI's own performance indicators, the Agency has steadily improved the implementation of the MP Programme. This conclusion is supp orted by feedback from the interviews and survey work for the evaluation. The Agency faced initial start -up problems with the MP Programme due to delays elsewhere which it seems to have successfully overcome. Overall, considering that the MP Programme only started under the EACI in 2008, it is still too early for a definitive assessment. Looking ahead, the number of MP projects is expected to increase due to a lowering of the threshold for financing projects from €3 million to €1.5 million. Bearing in mind the limited increase in staff foreseen to administer the Programme, there may be challenges in dealing with an increased workload.

In common with the other EACI -managed initiatives, the transfer of IPeuropAware to the Agency is seen as having been justified with benefits to the Commission and improved implementation of the initiative. Apart from efficient handling of operational aspects of the relationship with national patent offices, the EACI has played an effective role in promoting networking and the sharing of good practices.

In all the programmes and initiatives managed by the EACI, there is evidenc e to the effect that substantial efforts are being made to simplify and clarify information relating to calls, applications and procedures generally. However, feedback from beneficiaries suggests that there is still scope for continued efforts in this area, and it is particularly the case that new applicants for Commission support, who are not used to processes and procedures, are sometimes perplexed, whereas those who have

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been through the processes before are more prepared. Likewise, in relation to the Enterprise Europe Network, steps have been taken to simplify monitoring requirements. More generally, across all initiatives managed by the EACI, agency staff have proved responsive to queries from final beneficiaries.

> Recommendation 1: Action should be ta ken by the EACI to address specific issues highlighted by the research relating to the procedures being used to manage the Enterprise Europe Network, Eco -Innovation, IEE and Marco Polo. Feedback from beneficiaries indicated scope for improvements with rega rd to some aspects of application, contract management, monitoring and reporting in the case of some of the initiatives being managed by the EACI. These are in the main very detailed points (e.g. modifications to project documentation), highlighted in Sect ion 3, and in some cases changes may not be appropriate. However, the EACI should consider the feedback from beneficiaries obtained as part of this evaluation and take action where appropriate.

5.2.2   Overall Conclusions - Agency Level

The EACI has deploy ed financial and human resources efficiently. The budget for initiatives delegated to the EACI to manage increase d during the 2006-07 period, but then increased at a more modest rate between 2008 -10 (in fact declining slightly in 2009), that is, during the period covered by this evaluation . There is a similar pattern in the EACI's operating budget and human resources which have increased from 69 staff members in 2007 under the IEEA to 142 by the end of 2010. Whilst the number of seconded officials and temp orary agents has remained more or less constant , since the EACI started operating, the number of contract agents has risen sharply.

Further evidence of efficiency is demonstrated by the fact that t he ratio between personnel classified as 'administrative su pport' and those fulfilling an operational role in relation to the EACI-managed programmes, has declined from 27% for the IEEA in 2006 to just over 15% in 2008, before increasing somewhat in 2009 to drop again to 16% in 2010.   As mentioned in Section 3.7.3, in the annual screenings on Human Resources carried out by DG HR for all executive agencies , the EACI has a ratio of administrative staff (defined differently to "administrative support") significantly below the average (10.2% for EACI in 2010, while the average of all EAs was 14.4%).

The ability to recruit staff from outside the Commission has meant that the EACI has been able to access specialised skills appropriate for its activities and build a good knowledge base in specialised technical areas which enables it to execute its tasks efficiently. The view is that this would not have been possible to the extent that it has happened in the Commission environment. Less positively, there has been a relatively high turnover of contract agents in some areas of the EACI's operations (particularly amongst Finance Officers) and limited mobility across units in the Agency.

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> Recommendation 2: Ways should be found of improving EACI staff retention. The average period of staff remaining at the Agency at present is un der three years, and the relatively high turnover rate, while not without some benefits, incur s costs for the Agency that could be avoided and reduce operational effectiveness. It may be necessary to tackle this jointly with other Executive Agencies.
>
> Some steps that might be taken include: examining ways of making it easier for contract agents to be promoted; how to make it possible for contract agents to move up in pay within a grade more easily; non -cash benefits (e.g. career development support).

The EACI has put systems in place that have led to continuous strengthening of project management. Although here are still some improvements to be made in this area, especially as regards IT, and in particular there is a need for improvement in the Network, a lot has been achieved to ensure efficient delivery of programmes. Moreover, the EACI has shown flexibility by taking on board feedback from its beneficiaries and shown initiative by developing new solutions to meet project management requirements. Feedback from beneficiaries of the various initiatives is generally very positive.

> Recommendation 3: Further IT improvements need to be made throughout the Agency's systems to enhance performance. As regards individual programmes managed by the EACI, this is particularly necessary in the case of the Enterprise Europe Network where an effective, reliable IT backbone for delivery of services and support with administrative functions is needed. Developments are under way with the network's IT systems but there are still risks involved with their implementation and they are still not what was envisaged in 2006 and 2007 when consortia and their members started to develop work programmes for the Network. The Agency's systems generally should be developed in line with bes t practice in project management software systems.

By developing synergies between the programmes and initiatives it manages, the EACI has been able to get closer to beneficiaries and increase the visibility of the Commission as the source or these progra mmes and initiatives. This has also meant that the Agency is able to access a wider pool of potential bidders for the calls it initiates. A further role played by the Agency has been to promote networking and other forms of 'animation'. Apart from the Ent erprise Europe Network, good examples of this are to be found in IPeuropeAware where the EACI has been very effective in promoting collaboration between national IP offices.

> Recommendation 4: Where appropriate, m ore emphasis should be placed on developing of a client relationship management approach to managing portfolios of clients. The aim should be to increase proximity to beneficiaries and while building on the well-established project management approach in the Agency, more emphasis would be placed on partnership-oriented working.
>
> This applies especially to the Enterprise Europe Network. One of the key recurring

5. Overall Conclusions

themes from the research as regards the relationship between the EACI and the Network is the view that the EACI is not close enough to the day-to-day activities of Network members. A more relationship management -oriented approach EACI would improve this situation. This could, for example, involve temporary secondments, or more monitoring visits.

Steps have been taken to ensure that the knowledge obtained by the Agency in the course of its operations and interaction with beneficiaries and markets is captured and disseminated to parent DGs, although within some programmes individuals did indicate concerns as to the extent to which this was happening. In some areas, such as IEE, a great deal is being done to ensure that DGs obtain this crucial feedback.

Recommendation 5: Operational indicators used by the EACI should be further developed. In order to provide on-going updates and feedback on the effectiveness of programmes and initiatives to parent DGs, rather than doing so at longer intervals of 2-3 years, the EACI should develop operational indicators (focusing on 'outputs' and if possible some 'results' but not 'impacts' – see below), in collaboration with parent DGs. Some aspects of this are already in place in the EACI, but a more structured, on-going and systematic approach would reap more benefits.

Through the use of the Agency as an externalised option for delivery of services, savings to the Commission budget have been realised as planned with the initial establishment of the Agency, and are set to continue. These savings are substantial and largely the result of being able to pay contract agents less than Commission staff. On the whole the Agency has been able to keep administrative expenses at a low level compared to other Executive Agencies and Commission DGs. Reflecting this, it has kept a relatively high proportion of its staff in operational activities which has improved its effectiveness.

Recommendation 6: To demonstrate the effectiveness of the EACI, there is also a need to develop indicators that provide more strategic information about projects, programmes and initiatives. This is easier in some areas of the EACI than others (e.g. there are particular difficulties devising indicators for "animation", or "promotion and dissemination" type activities) and the EACI should work with parent-DGs to develop indicators that are capable of tracking project and programme impacts across the full range of activities. Staff capabilities will need to be developed to handle this type of assessment to the extent that a more evaluative approach is needed, rather than purely monitoring, to assess impacts.

5. Overall Conclusions

> Recommendation 7: Given the successes achieved in the management of programmes and initiatives, the Commission m ight consider entrusting additional programmes to EACI management. In addition to the programmes operated by the four parent -DGs through the EACI, there are many other EU - supported SME-related interventions that could potentially be handled by the Agency (assuming it is granted the necessary resources). This includes other programmes run by the four parent-DGs but also by other Commission services. A one -stop-shop approach to delivering programmes would help to maximise efficiency and could make it easier for SMEs to access assistance.

Centre for
Strategy & Evaluation Services

Appendix A: List of Interviews

Interviews with Commission officials

Members of the EACI Steering Committee:

J Farnell	Director, DGENTR – Directorate A
T. Makela	Director, DGENV – Directorate E
M Donelly	Director, DGENER – Directorate C
G di Vita	Director, DGSG – Directorate R
J-E Paquet	Director, DGMOVE – Directorate B
M Peksa-Blanchard	ENER.C3
M Sorensen	ENV.F1
M Szymanowicz	ENV.E4
S Oscislowski	MOVE.B3
B Filipiuk	ENTR.A1
K Kellner	Adviser, DGENER.C
K Jastrzembska	ENTR.A1
W Perschke	ENTR.B2
J Geyskens	SG.C.1
JC Aguinaga	Head of Unit, DG ENTR.E.2

Interviews with EACI officials

P Lambert	Director EACI
B Reggers	Assistant to the Director, EACI
B Lhéritier	Head of Unit, Unit Resources
V Medinskaya	Head of Sector HR, Unit Resources
P Löffler	Head of Sector Communications, Unit C Communication and Network Support
W Gillett	Head of Unit, Unit 1 IEE Renewable Energy
V Berrutto	Head of Unit, Unit 2 IEE Energy Efficiency
P Vankerckhoven	Head of Unit, Unit 5 Marco Polo
B Yordi Aguirre	Head of Unit, Unit 3 Market replication – eco-innovation
D Gassmann	Head of Sector Services, Unit 4 Network operations
M Degrande	Head of Sector Finance, Unit 4 Network operation s
C Tombeux	Head of Sector Projects, Unit 4 Network operations
M Diss	Head of Unit, Unit C Communication and Network Support
J Puigpelat Valls	Head of Unit, Unit 4 Network Operations
D Dutianu	Project Officer, Unit 1 IEE Renewable Energy
G Tondi	Senior Project Officer, Unit 1 IEE Renewable Energy

Appendix A: List of Interviews

D Dubolino	Project Officer, Unit 1 IEE Renewable Energy
A Jahn	Head of Sector Projects, Unit 1 IEE Renewable Energy
A Vermaelen	Head of Sector Finance, Unit 1 IEE Renewable Energy
W Schmidt	Head of Sector Projects, Unit 2 IEE Energy Efficiency
G Sutherland	Senior Project Officer, Unit 2 IEE Energy Efficiency
T. Noël	Project Officer, Unit 2 IEE Energy Efficiency
G Laine	Head of Sector Finance, Unit 2 IEE Energy Efficiency
A Geiger	Head of Sector Projects, Unit 3 Eco-innovation
A Barseth	Head of Sector Projects, Unit 5 Marco Polo
H Sattaf	Head of Sector Governance and Training, Unit C Communication and Network Support
V Gautier	Head of Sector IT Tools Network Unit Resources
E Woods	Project Officer, Unit C Communication and Network Support