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PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2022) 57 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Union Secure Connectivity Programme for the period 2023-2027

Delegations will find attached document COM(2022) 57 final.

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2022/0039 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the Union Secure Connectivity Programme for the period 2023-2027

{SEC(2022) 77 final} - {SWD(2022) 30 final} - {SWD(2022) 31 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The general objective of this proposal is to establish a Union secure satellite communication system (hereafter the ‘Programme’) that ensures the provision of worldwide secure, flexible and resilient satellite communication services to the Union and Member States governmental entities.

Satellite communications provide ubiquitous coverage, which is complementary to terrestrial networks (ground-based in a form of cable links such as fibre broadband or wireless). Satellite communications can provide the means for seamless digital communication in areas where terrestrial networks are absent (e.g. oceans, during flights, or in remote locations / islands with no cellular or broadband coverage), have been destroyed (e.g. during flooding events, or forest fires) or where local networks cannot be trusted (in crisis situations, or for diplomatic services in third countries or for sensitive governmental operations).

Govsatcom is a strategic asset, closely linked to national security, used by most Member States. Public users tend to favour either government-owned¹ or public-private solutions² or make use of specific accredited private providers. Use cases include surveillance operations, crisis management, including civil protection and humanitarian operations in natural or human-made disasters and connection and protection of key infrastructure.

Because of the scale and complexity of required investments, and the synergies that a common capability could bring, Govsatcom has been identified as early as 2013³ as a promising field for Union initiatives, with the possibility of tangibly contributing to the objectives for a strong, secure and resilient European Union. It is now an integral part of the Space Strategy for Europe⁴, the European Defence Action Plan⁵ and the European Union Global Strategy. The notion of a Union governmental satellite communication infrastructure has been consistently welcomed in ensuing Council conclusions⁶.

The adoption of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU (hereinafter referred to as ‘Space Regulation’) constituted a first step towards this resilience objective, through the establishment of a dedicated GOVSATCOM component of the Union Space Programme. Its aim is to optimise the use of existing satellite communication capacity for governmental users on the basis of pooling and sharing of available national and private EU satellite communication resources. Due to the limited lifespan of a satellite (approximately 15 years for geostationary orbit (GEO) satellites) several of the governmentally owned infrastructures that will constitute part of the pooling and sharing of GOVSATCOM will need to be replenished in the coming decade⁷. For this reason, Regulation (EU) 2021/696 foresaw the need to assess the evolution of satellite

¹ Owners of Governmental SATCOM include France, Germany, Greece, Italy, Luxembourg, Spain.

² Such as Germany’s Satcom BW or Luxembourg’s GovSat.

³ [European Council Conclusions 19/20 December 2013](#)

⁴ Space Strategy for Europe COM(2016) 705 final.

⁵ European Defence Action Plan COM(2016) 950 final.

⁶ [Dec. 2013 EUCO](#), [Dec. 2014 COMPET Space](#), [May 2015 FAC Defence](#)

⁷ [PwC \(2016\) 'Satellite Communication to support EU Security Policies and Infrastructures'](#).

communication needs. According to the Regulation, if this assessment ‘reveals that this approach is insufficient to cover the evolving demand, it should be possible to take a decision to move to a second phase and develop additional bespoke space infrastructure or capacities through one or several public-private partnerships, e.g. with Union satellite operators.’

Several studies⁸ have substantiated this evolution of needs: Traditionally, satellite communication has been used for voice communication and data transfer in remote areas (e.g. at sea), but the nature of use cases is rapidly evolving, requiring low latency⁹ performance and global coverage. While satellite communication has been primarily relying on geosynchronous (GEO) spacecraft, technical progress has allowed the emergence of non-geostationary-orbit (NGSO) communications constellations, comprising low-Earth-orbit (LEO) and medium-Earth-orbit (MEO) satellites to emerge and to offer performance meeting these evolving user needs.

The increasing hybrid and cyber threat levels and the propensity of natural disasters drive the changing needs of governmental actors towards higher security, reliability and availability of commensurate satellite communication solutions. The rise of quantum computers adds an additional threat. With their fundamentally improved capabilities, it is expected that quantum computers will be able to decrypt content that is currently encrypted. The European Quantum Communication Infrastructure (EuroQCI)¹⁰ initiative aims at developing future-proof cryptographic systems to offer unprecedented levels of secure communications by resisting future quantum computing attacks. EuroQCI is currently financed through Horizon Europe, the Digital Europe programme, as well as the Connecting Europe Facility - Digital. Furthermore, the Commission Strategic Foresight report¹¹ identifies digital hyper-connectivity and technological transformation as one of the prevalent megatrends of the next half century, underpinned by an unprecedented demand for services, for example in data economy and finance.

These advances lead global satellite communication connectivity to be increasingly handled as a strategic asset. To that end, several major non-EU government-backed projects with a variety of connectivity strategic objectives are underway¹². These strategic infrastructures initiated by all major space powers highlight the growing global need for governmental services to ensure a resilient connectivity to support not only their security operations, but also to connect critical infrastructures, manage crises as well as to support border and maritime surveillance.

To date, there are no operational or in-the-making EU assets in low Earth orbit (LEO) or medium Earth orbit (MEO) that could meet the evolving governmental user needs. The existing committed satellite communication capacities providing governmental services at the disposal of the Member States are all based on a reduced number of GEO assets, covering mainly Europe. The majority of the capacity is dedicated to military missions, with a strong governance control (from owned infrastructure to stringent public private partnerships).

⁸ Notably the European Networking for satellite Telecommunication Roadmap for the governmental Users requiring Secure, interoperable, Innovative and standardised services ([ENTRUSTED](#)), a research project funded under the EU Horizon 2020 Research and Innovation Programme as well as the ‘Building Blocks Towards a Secure Space Connectivity System’ study (DEFIS/2020/OP/008)

⁹ Latency: amount of delay, measured in milliseconds (ms), that occurs in a round-trip data transmission to a satellite.

¹⁰ [European Quantum Communication Infrastructure \(EuroQCI\) Declaration](#)

¹¹ [Strategic Foresight Report 2021_en.pdf \(europa.eu\)](#).

¹² Such as the US Space Development Agency’s ‘Transport Layer’, a constellation of 300 to more than 500 satellites in LEO) ranging from 750km to 1200km in altitude, or the Russian Roscosmos ‘Sfera’, a constellation of 640 satellites at an orbit of 870km.

Moreover, as the services provided by these Milsatcom capabilities are tailored to meet specific military needs, in particular in terms of frequency, encryption, signal specificities, user terminal and level of classification, they cannot be used in most civilian governmental applications.

Spurred by the technological progress of low latency, there has been an emergence of various public-supported or subsidised non-EU mega-constellations in the US, China and Russia. At the same time, there is shortage of available frequency filings and orbital slots due to the dramatic increase of these mega-constellations. Coupled with the limited lifetime of GOVSATCOM capacity, this creates an urgency for an EU space-based secure connectivity system. The Programme would cover the capacity and capability gaps for governmental satellite communication services.

The Programme should also allow for the provision of commercial satellite communication services by the private sector. Such commercial services would in particular enable availability of high-speed broadband and seamless connectivity throughout Europe, removing dead zones and increasing cohesion across Member State territories, including rural, peripheral, remote and isolated areas and islands, and provide connectivity over geographical areas of strategic interest outside the Union.

A public-private partnership was assessed in the impact assessment to be the most appropriate implementation model to ensure that the objectives of the Programme could be pursued. It would permit to build upon the existing EU satellite communication technological and infrastructural base and to provide robust and innovative governmental services. At the same time, it would allow the private partners to complement the Programme infrastructure with additional capabilities to offer commercial services. This would furthermore optimise deployment and operation costs by sharing development and deployment costs on components common to both governmental and commercial infrastructures, as well as operational costs by allowing a high level of capacity mutualisation. It would stimulate innovation in particular for small and medium-sized enterprises and start-ups that deploy novel space technologies and applications ('New Space') by enabling the sharing of research and development risks between public and private partners.

In parallel with this programme:

- the Horizon Europe Programme will allocate a dedicated share of its Cluster 4 components to R&I activities enabling the sharing of research and development risks between public and private partners, including for the potential technologies that would be developed under New Space;
- the Neighbourhood, Development and International Cooperation Instrument (NDICI) will allocate a dedicated share of the Global Europe activities enabling the sharing of the deployment and exploitation risks between public and private partners for the connectivity system that will allow to offer an array of services with accrued benefits to international partners;
- the Union Space Programme will allocate a dedicated share of its GOVSATCOM component for the activities related to the development of the GOVSATCOM Hub which will form part of the ground infrastructure of the Secure Connectivity system.

- **Consistency with existing policy provisions in the policy area**

The proposed Programme is consistent with the existing EU space policy. In particular, the programme would enhance the EU's space capacity, currently consisting of the EU's satellite navigation and Earth observation systems, Galileo and Copernicus respectively as well as the Space Situational Awareness capacities. The Programme builds on the EU GOVSATCOM component of the Union space programme.

- **Consistency with other Union policies**

The proposal is consistent with a number of other Union policies. In particular, the provision of governmental services would ensure further cohesion in line with the Union's Digital and Cybersecurity Strategies, by ensuring the integrity and resilience of the European infrastructure, networks and communications. The Programme would be EU-operated and provide a very high level of security, hereby strengthening the ability to provide an integrated EU response to security threats as called for in the **EU Security Union Strategy** and in the Global strategy for the **European Union's Foreign and Security Policy**. The services would connect **strategic areas** such as Arctic and Africa, in line with policy targets in these regions and the **Global Gateway strategy**.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal is based on Article 189(2) of the Treaty on the Functioning of the European Union (TFEU), which is the legal basis for the adoption of Union measures related to the European space policy.

- **Subsidiarity (for non-exclusive competence)**

Due to the global scale and nature of connectivity, the issue cannot be addressed either at local or even at regional level.

The Programme would complement the existing EU GOVSATCOM arrangements on pooling and sharing of the existing governmental satellite communication capacity. However, no EU Member State alone has the capacity to fulfil the totality of evolving user needs and the accompanying costs.

An EU solution provides added value because action and coordination at EU level would avoid duplication of efforts across the Union and Member States. It would lead to a better exploitation of existing assets, to greater security and resilience, notably through quantum cryptography, to better coverage, and to provision of a greater array of services. Other EU and Member State thematic policies would benefit too.

Action at EU level has the benefit of economies of scale. The individual user needs across Member States are generally heterogeneous and often unpredictable in terms of scope, capacity, timing and location. A common denominator of all use cases is the need for flexibility due to the often unpredictable, fluctuating need for satellite communication capacity. Acquiring such flexibility of access to capacity requires large investments.

- **Proportionality**

The proposal does not introduce any measures beyond those necessary to achieve the main objectives of this Programme. In particular, the proposal defines the minimum requirements for the establishment of a European secure connectivity system and for the provision of suitable governmental satellite communication services. In this regard, the system's capacity will be designed to complement inter alia existing Member States satellite communication

capacities and cover planned additional capacity needs. The proposal does not introduce any restriction to the ability of Member States' governmental actors to choose those capabilities they decide to use.

The proposal is expected to have a positive spill-over effect on the Union's space sector, including the New Space. In addition, citizens will benefit from an improved operational performance in civil protection.

Finally, the budget allocated to the Programme is apt to achieving the objectives set and does not go beyond what is necessary. The funds needed to deliver the Programme have been determined based on a several careful analyses and estimates carried out as part of the impact assessment and described below.

- **Choice of the instrument**

A Regulation of the European Parliament and of the Council is the preferred instrument. It ensures the uniformity and direct application, required for the effective implementation of the Programme, while giving it due visibility and providing it with the financial resources it needs for its implementation.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

N/A

- **Stakeholder consultations**

This Programme is supported by inputs from expert group meetings, public consultations and workshops that gathered the views of all relevant stakeholders (Member States and industry), more precisely:

- Since 2016, numerous expert group meetings with Member States have taken place in the context of the EU GOVSATCOM initiative, discussing governmental satellite communication needs, the establishment of pooling and sharing, implementation aspects and developments towards the current Programme.
- In 2021, numerous bilateral meetings with Member States took place to gather their specific needs for governmental satellite communication and potential concerns relating to the Programme. Most Member States stated that they clearly support the Programme and its overall objectives.
- In May and November 2021, the Commission held two workshops with Member States on 'Secure Connectivity - State of Play'. During these workshops, progress on the technical study on secure connectivity was presented, together with possible exploitation models of the system. The workshops allowed for active interventions, questions and comments from Member States that were taken into account in the development of this proposal.
- In June 2021, the Commission held the 'Secure Connectivity Workshop for the European New Space Ecosystem'. 458 participants (including 196 SME and start-ups) discussed innovative ideas for the Secure Connectivity Programme and the potential role of New Space.
- As part of the public feedback for the Inception Impact Assessment, the Commission received feedback from 13 stakeholders, representing the views of a group of EU

sparsely populated territories (1), private companies (8), business associations (2), a non-governmental organisation (1), and a private citizen (1). Industry was supportive of the Programme, and the majority favoured a public-private partnership (PPP) approach.

There is a general agreement amongst Member States on a need for action. Several Member States stressed that national capacities alone might possibly satisfy short-term needs, but will not be sufficient in the long term. Some of the gaps (e.g. in the Arctic) are already documented. Furthermore, several Member States confirmed their increasing governmental needs for guaranteed access to secure satellite communication.

Member States also stressed the need for the involvement of New Space, as startups have demonstrated that they are technologically advanced and eager to contribute with innovative solutions.

EU space industry representatives confirmed during the knowledge-building phase that there are no plans for EU private companies alone to create a satellite communication constellation to meet the evolving and increasing governmental low-latency needs. However, they welcomed the opportunity to partner with the EU for the development of such system.

- **Collection and use of expertise**

The proposal is also underpinned by data collected and findings from the study on ‘Building Blocks Towards a Secure Space Connectivity System¹³’.

The Commission also contracted an independent consultant to support the analysis of the indirect benefits of the Programme by providing the relevant econometric support and analysis.

Finally, quantitative and qualitative data supporting this proposal have been collected from Member States and relevant industry stakeholders. This proposal also draws on the work of the Commission on the GOVSATCOM component of the EU Space Programme, and EuroQCI initiative, as well as on the research activities conducted within the framework of the ENTRUSTED project¹⁴.

- **Impact assessment**

In line with its ‘Better Regulation’ policy, the Commission conducted an impact assessment in view of the establishment of the Programme.

The problems analysed in the impact assessment, as evoked as well above, led to formulation of three specific policy objectives:

- Ensure the provision of secure satellite communication for evolving public needs;
- Increase the resilience of Member States and EU operations by guaranteed access to secure satellite communication;
- Ensure that governmental communication needs are not critically dependent on non-EU infrastructure.

¹³ [DEFIS/OP/2020/008](#)

¹⁴ European Networking for satellite Telecommunication Roadmap for the governmental Users requiring Secure, inTeroperable, InnovativE and standardiseD services (ENTRUSTED) [ENTRUSTED](#) is a research project funded under the EU Horizon 2020 Research and Innovation Programme.

To close the capacity gap in the provision of secure governmental services, the following policy options were considered in order to achieve the objectives in the most effective and efficient manner:

Under the ‘Baseline scenario’, no EU action would take place beyond what is currently being implemented through EU GOVSATCOM. The baseline is taken to mean the continuation of the EU GOVSATCOM Phase 1, i.e. limited to the current pooling and sharing of Member State and private satellite communication systems. In such a scenario individual Member States, or EU companies may decide to develop new satellite communication services, of which partial capacity can be sold to the EU GOVSATCOM pool. Transition to EU GOVSATCOM phase 2 in the initially planned timeframe would in all cases require a legislative act, additional budget and available frequency filings.

As part of the assessment, it was also considered whether the EU could purchase the secure accredited services from established solutions by the public or private sector, currently limited to foreign market providers (Option 3 – non-EU constellation). Although the EU satcom market is already well developed, there are currently no EU providers that can serve all the increasing and evolving governmental needs. However, buying the services from non-EU private sources is not the preferred option from a security and open strategic autonomy point of view since Member States and EU Institutions require, for governmental needs, a guaranteed access in an unrestricted manner to secure connectivity services without soliciting the assent of a third party. This option 3 would thus not meet the specific objectives.

Therefore, the EU needs to act to ensure the provision of these services by either fully funding and procuring its own system (Option 1 – fully public) or involving private resources (Option 2 – in the form of a concession contract with rights of commercial use). Option 1 and 2 would achieve the specific objectives to the same extent, but option 2 ranks higher with regard to the economic benefits it can generate.

The common economic benefits of Options 1 and 2 are related to the deployment of a new infrastructure that would provide a gross value added (GVA) of EUR 17-24 billion and additional jobs in the EU space industry. Investments in Space upstream infrastructure are estimated to generate a six-fold impact in downstream sectors¹⁵. Spill over effects are created by downstream sectors using the services, technologies and data provided by the space sector to enhance their business. These are estimated to have a GVA of EUR 10-19 billion.

The additional possibility offered in Option 2 for the private sector to make further investment to develop commercial services should create more economic benefits for the downstream sector, as it can address significant commercial market opportunities. Should the private partners choose to develop additional infrastructure for commercial services, this could generate a further GVA and an additional job increase in the EU space industry for both upstream and downstream sectors.

As to what concerns the social impact, governmental satellite communication enhances the resilience of EU infrastructure and public services, hence the social imprint of their operational performance. The added value of being able to communicate in case of emergencies and disasters is extremely high for citizens as well as for people responsible for critical infrastructure sites. Here again, an additional investment in commercial infrastructure would increase the social impact further.

With regard to the environmental impact of the Programme, Option 2, entailing the development of an additional infrastructure, would have an environment impact from the

¹⁵ [Council of the EU: EU in space.](#)

manufacturing and launching of the system. However, compared to other industries, the manufacturing of spacecraft do not emit significant greenhouse gases. In addition, the development would comply with the the international standards on the protection of space environment (e.g. the United Nations' Committee on the Peaceful Uses of Outer Space (COPUOS) and Inter-Agency Space Debris Coordination Committee (IADC) Space Debris Mitigation Guidelines¹⁶), as well as the existing national legislation¹⁷. Furthermore, the Programme is expected to have positive contributions towards the environment similar to Galileo and Copernicus, where it has been assessed that the environmental benefits stemming from the use of the components are approximately two-fold higher than the environmental footprint generated. Environmental benefits include for example satellite communication services for maritime surveillance supporting pollution detection and response environmental monitoring, and the ability to provide seamless communication capacity whenever infrastructure is disrupted, notably due to floods, hurricanes or other extreme weather phenomena resulting from climate change.

Finally, Option 2 has additional advantages insofar as it:

- Improves the provision of governmental services (low latency, resilience, security, guaranteed access, autonomous use)
- Allows the provision of additional commercial services (economic growth, social benefits)
- Optimises costs incurred in the Union's budget for:
 - development and deployment with economies of scale
 - operations with mutualisation of capacity
- Stimulates the deployment of innovative technologies, in particular with the New Space involvement (sharing the technology risk between public and private).

As to the costs, the estimated cost of the satellite communication capacity designed to serve governmental demand is around EUR 6 billion, associated to the deployment of the infrastructure needed to provide the governmental services. Under Option 2, the costs are split between the contribution from the Union budget, Member States contributions and contributions by the private sector.

The draft impact assessment was submitted to the Regulatory Scrutiny Board on 11 October 2021. Following the negative opinion by the Board on the first draft impact assessment report, a revised draft impact assessment was submitted to the Board for a second opinion on 21 December 2021. While noting the improvements responding to its initial comments, the Board nevertheless maintained its negative opinion on 12 January 2022, because the impact assessment still contained significant shortcomings on (1) the analytical coherence between the problem definition, objectives, options, criteria for the comparison of options and the definition of future monitoring indicators; (2) the lack of explanations on the choice of policy options with regard to technical solutions; (3) the absence of a timescale and identification of funding sources; (4) clarity on methodological assumptions and validity of secondary data cited; and (5) on the lack of explanations on the compatibility of the Programme with the objectives of the Climate Law.

¹⁶ [IADC](#)

¹⁷ [Space debris mitigation standards adopted by States and international organizations](#)

Therefore, in order to address the comments of the Board's second negative opinion, the impact assessment is complemented by an annex that provides additional clarifications and some evidence on the areas where the Board had provided specific suggestions of improvements in its opinion.

The working methods of the European Commission empower the Vice-President for Inter-institutional Relations and Foresight to approve the continuation of an initiative that has been subject to a second negative opinion by the Regulatory Scrutiny Board. It is important to flag also that the opinions of the Regulatory Scrutiny Board are an assessment of the quality of the impact assessment and not an assessment of the related legislative proposal.

Because of the political importance of this Programme, the urgency of action and having the additional clarifications and evidence viewed as satisfactorily addressing the identified shortcomings and suggested specifications of the Regulatory Scrutiny Board, the Commission – also in the light of the agreement by the Vice-President for Inter-Institutional Relations and Foresight – has considered it opportune to proceed with the Programme.

- **Regulatory fitness and simplification**

N/A

- **Fundamental rights**

The Programme is consistent with the Charter of Fundamental Rights (the 'Charter'). It puts a common tool in the form of secure satellite communication at the disposal of Member States' governments and EU actors. In enhancing the operational effectiveness of security actors, the Programme can contribute to safeguarding and strengthening citizens' right to security (Article 6 of the Charter) and to diplomatic or consular protection when residing in a third state (Article 46 of the Charter). The Programme can also lead to a better protection of personal data (Article 8 of the Charter), because the enhanced security of the satellite communication will improve the level of information assurance against, in particular eavesdropping or spoofing, by third parties.

4. BUDGETARY IMPLICATIONS

The Union's contribution from 2021 until 2027 is EUR 2400 million at current prices, out of which EUR 1600 million will be implemented under the new Union Secure Connectivity programme from 2023 to 2027, and EUR 800 million under three other Programmes: EUR 430 million under Horizon Europe, EUR 220 million under the Union Space Programme and EUR 150 million under the Neighbourhood, Development and International Cooperation Instrument (NDICI).

The detailed budgetary and financial structure of the proposal on the Union budget are presented in the financial statement accompanying the proposal and will be met from the available resources of the Multiannual Financial Framework 2021-2027.

EUR 1600 million are allocated to the Union Secure Connectivity Programme through reductions of EUR 260 million of the Union Space Programme, EUR 150 million of the Neighbourhood, Development and International Cooperation Instrument (NDICI) 'emerging challenges and priorities cushion', EUR 400 million of the European Defence Fund (EDF), EUR 440 million under the Digital Europe Programme (DEP) and EUR 200 million under the digital strand of the Connecting Europe Facility (CEF), EUR 50 million from the unallocated

margin of heading 1 and EUR 100 million from the unallocated margin of heading 5 of the MFF.

The Commission proposes to handle the reductions of the financial envelopes of the European Space programme, CEF, EDF, DEP and NDICI within the 15% variation provided by point 18 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources.

Article 14 of the proposal provides that the Programme will be implemented under direct management in accordance with the Financial Regulation or under indirect management with the bodies referred to in point (c) of the first subparagraph of Article 62(1) of the Financial Regulation.

The estimated costs of the Programme are the result of extensive analyses, supported by the experience acquired by the Commission in the management of the EU Space Programme and through preparatory studies and stakeholder consultations. The estimated requirements in Human Resources as indicated in the Financial Statement accompanying this Regulation reflect the essential need of continuity in the expertise.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

Article 6(1) of the proposal specifies that the Programme shall be implemented through contracts, including but not limited to concession contracts as defined under Article 2(14) of the Financial Regulation or mixed contracts.

The Programme will be evaluated after three years from the Regulation's entry into force and every four years thereafter. The evaluation of the Programme will, in line with the Commission's Better Regulation Guidelines, assess the effectiveness, efficiency, coherence and EU added value of the Programme. In accordance with Article 37 of the proposal, the focus will in particular be on the performance of the services provided by the Programme and on the evolution of the user needs. In addition, an assessment on critical components and maturity of EU supply chain will be carried out, to ensure that governmental communication needs are not critically dependent on non-EU infrastructure. End-user EU Institutions and Agencies, the concessionaire and the European Union Agency for the Space Programme (EUSPA) together with the Commission will perform the evaluation.

• Explanatory documents (for directives)

N/A

• Detailed explanation of the specific provisions of the proposal

The proposal consists of 11 Chapters. It is structured as follows:

Chapter I contains the general provisions setting out the subject matter of the proposal, which is to establish the Union secure connectivity communication system for the period of the Union's 2021-2027 multiannual financial framework. The Chapter also sets out both the general and specific objectives of the Programme, as well as its scope. Furthermore, the Chapter defines the Programme infrastructure. Finally, the Chapter contains a provision specifying that the Programme shall support an innovative and competitive Union space

sector and stimulate the New Space ecosystem in the Union, including the participation of SMEs, start-ups and innovators from across the Union Member States.

Chapter II lays down and defines the services to be provided by the Programme. Furthermore, the Chapter sets out the rules on the provision of the governmental services and defines the participants and the users of the governmental services.

Chapter III sets out the funding mechanism of the Programme. It defines the funding streams and sets out the financial envelope for the contribution from the Union budget.

Chapter IV sets out the rules on the implementation of the Programme, which shall be carried out by means of contracts concluded by the Commission with a contractor. Such a contract shall be awarded in accordance with the procurement principles laid down in Article 17, as well as the relevant provisions of the Financial Regulation, and may take the form of a concession contract or a mixed contract. Should the conclusion of the concession contract or mixed contract prove unviable, the Commission, according to paragraph 3, shall have the power to implement the Programme by means of a supply/services or works contract. The Chapter also sets out the rules governing the ownership and use of the assets forming part of that infrastructure

Chapter V relates to the governance of the Programme. It details the role to be played by this Programme's four main actors, namely the Commission, the European Union Agency for the Space Programme, the Member States, and the European Space Agency, and the relations between these various actors.

Chapter VI deals with security, which is particularly important in view of the Programme's strategic nature and the links between space and security. A high level of security has to be achieved and maintained by imposing effective governance arrangements that are largely based on the Member States' experience and on the experience gained by the Commission in recent years. Furthermore, like any programme with a strategic dimension, the Programme has to undergo independent security accreditation following the appropriate standards in this respect.

Chapter VII sets out the criteria for the participation of third countries and international organisations in the Programme and for the access of third countries and international organisations to the Programme's governmental services.

Chapters VIII and IX set out respectively provisions for programming and evaluation of the Programme and for delegation and implementing measures.

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing the Union Secure Connectivity Programme for the period 2023-2027

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 189(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) There is a growing demand by the Union governmental actors for secure and reliable satellite communication services, particularly because they are the only viable option in situations where ground-based communication systems are non-existent, disrupted or unreliable. Affordable and cost-effective access to satellite-based communication is also indispensable in remote regions and in the high seas and airspace. For instance, where lack of high-bandwidth communication currently limits the ability to take full advantage of new sensors and platforms observing the 71% of our planet that is ocean, satellite communication ensures the long-term availability of worldwide uninterrupted access.
- (2) The conclusions of the European Council of 19-20 December 2013 welcomed the preparations for the next generation of Governmental Satellite Communication through a close cooperation between the Member States, the Commission and the European Space Agency (ESA). Governmental satcom has also been identified as one of the elements of the Global Strategy for the European Union's Foreign and Security Policy of June 2016. Governmental satcom is to contribute to the EU response to Hybrid Threats and provide support to the EU Maritime Security Strategy and to the Union Arctic policy.
- (3) On 22 March 2017 the Council Political and Security Committee endorsed High Level Civil Military User Needs for Governmental Satellite Communications¹⁸ which were prepared by the EEAS on the military user's requirements identified by the European Defence Agency in its Common Staff Target adopted in 2014 and the civilian user needs collected by the Commission have been merged to produce the High Level Civil Military User Needs for Governmental Satellite Communications.
- (4) The EU adopted the GOVSATCOM component of Regulation (EU) 2021/696 on 28 April 2021, to ensure the long-term availability of reliable, secure and cost-effective

¹⁸ CSDP/PSDC 152, CFSP/PESC 274, COPS 103.

satellite communications services for GOVSATCOM users. Regulation (EU) 2021/696 envisages that in a first phase, of the GOVSATCOM component until approximately 2025, existing capacity would be used. In that context, the Commission is to procure GOVSATCOM capacities from Member States with national systems and space capacities and from commercial satellite communication or service providers, taking into account the essential security interests of the Union. In that first phase, GOVSATCOM services are to be introduced by a step-by-step approach. It is also based on the premise that if in the course of the first phase a detailed analysis of future supply and demand reveals that this approach was insufficient to cover the evolving demand, will be necessary to move to a second phase and develop additional bespoke space infrastructure or capacities through cooperation with the private sector, e.g. with Union satellite operators.

- (5) It is now clear that the Union's current satellite communication assets cannot meet new needs of the governmental users who are moving towards higher security solutions, low latency and global coverage. Although recent technical progress has allowed non-geostationary-orbit (NGSO) communications constellations to emerge and gradually offer high-speed and low-latency connectivity services. There is a window of opportunity for addressing the evolving needs of the governmental users by developing and deploying additional infrastructure as filings for the frequencies necessary to provide the required services are currently available within the European Union. If not used, these filings will become obsolete and be attributed to other players. As frequencies are an increasingly scarce resource, the EU may not get this opportunity again.
- (6) The conclusions of the European Council of 21-22 March 2019 stressed that the Union needs to go further in developing a competitive, secure, inclusive and ethical digital economy with world-class connectivity.
- (7) The Commission's 'Action Plan on synergies between civil, defence and space industries' of 22 February 2021, states that it aims to 'enable access to high-speed connectivity for everyone in Europe, and provide a resilient connectivity system allowing Europe to remain connected whatever happens'¹⁹.
- (8) The Union should ensure the provision of resilient, global, guaranteed and flexible satellite communication solutions for evolving governmental needs, built on an EU technological and industrial base, in order to increase the resilience of Member States' and Union institutions' operations by guaranteed and uninterrupted access to satellite communication.
- (9) Satellite communication can increase the overall resilience of communication networks. A space-based communication system is the only viable option in situations where ground-based systems are non-existent, disrupted or unreliable. For example, it can provide means for digital communication in areas where terrestrial networks are absent, including over oceans and during flights, as well as over remote areas, or where local networks have been destroyed due to natural disasters, or they cannot be trusted in crisis situations.
- (10) Therefore, it is important to establish a new, Union Secure Connectivity Programme ('the Programme') to provide for the Union satellite based communication infrastructure, which should be built upon the GOVSATCOM component of the Union

¹⁹ COM(2021) 70 final.

Space Programme and which should also take advantage of additional national and European capacities, which exist at the time the action is being carried out and develop further the European Quantum Communication Infrastructure (EuroQCI) initiative.

- (11) The Programme should ensure the provision of the governmental services and allow for the provision of the commercial services through a dedicated governmental and commercial infrastructure. The Programme should therefore consist of development and validation actions for the construction of the initial space and ground infrastructure and for the launch of the initial space infrastructure. The Programme should then entail deployment activities aimed at completing both the space and ground infrastructure required for the provision of governmental services. The provision of governmental services, the operation, maintenance and continuous improvement of the infrastructure, once deployed, as well as the development of the future generations of the governmental services should be part of the exploitation activities. The exploitation activities should begin as soon as possible with the provision of the initial set of services aimed by 2024 to meet as soon as possible the evolving needs of the governmental users.
- (12) Since June 2019, Member States have signed the European Quantum Communication Infrastructure (EuroQCI) Declaration, agreeing to work together, with the Commission and with the support of ESA, towards the development of a quantum communication infrastructure covering the whole EU. According to that Declaration, EuroQCI aims at deploying a certified secure end-to-end quantum communication infrastructure, enabling information and data to be transmitted and stored ultra-securely and capable of linking critical public communication assets all over the Union. To that purpose an interconnected space infrastructure and terrestrial infrastructure, should be built to enable the generation and distribution of cryptographic keys based on quantum information theory. The Programme will contribute to meet the objectives of the EuroQCI Declaration by developing a EuroQCI space infrastructure integrated into the space and ground infrastructure of the Programme. The EuroQCI space infrastructure should be developed in the Programme in two main phases, a preliminary validation phase and a full deployment phase, which should see full integration with the Programme, including appropriate solutions for inter-satellite connectivity and data relay between satellites and the ground. The Programme should integrate the EuroQCI in its governmental infrastructure, as it will provide future-proof cryptographic systems that offer unprecedented levels of secure communications by resisting future quantum computing attacks.
- (13) To optimise all available satellite communication resources, in order to guarantee access in unpredictable situations, such as natural disasters, and to ensure operational efficiency and short turn-around times, a ground segment is required. It should be designed on the basis of operational and security requirements.
- (14) In order to expand the Union satellite communication capacities, the Programme infrastructure should integrate the infrastructure developed for the purposes of the of the GOVSATCOM component of the Union Space Programme. In particular, the Programme's ground infrastructure should encompass the GOVSATCOM Hubs and other ground segment assets.
- (15) The services enabled by the Programme should connect strategic areas such as the Arctic and Africa, and contribute to geopolitical resilience by offering additional

connectivity in line with policy targets in these regions and the Global Gateway strategy²⁰.

- (16) It is appropriate that the satellites built for the purposes of the Programme are equipped with payloads that can allow to increase the capacity and services of the components of the Union Space Programme, enabling thereby the development of additional missions under the conditions set out in Regulation (EU) 2021/696. It could offer alternative positioning, navigation and timing services complementing Galileo, ensure the broadcast of EGNOS/SBAS messages with a lower latency, provide space based sensors for space surveillance and support enhancement of current Copernicus capabilities in particular for emergency and civil security services.
- (17) It is vital for the security of the Union and its Member States and for ensuring the security and integrity of the governmental services, that, where possible, the space assets of the Programme are launched from the territory of the Member States. Furthermore, microlaunchers are able to provide additional flexibility to allow for a rapid deployment of the space assets.
- (18) It is important that the Union owns all tangible and intangible assets related to governmental infrastructure while ensuring the respect of the Charter of Fundamental Rights of the European Union, including its Article 17. Despite the ownership by the Union of those assets, it should be possible for the Union, in accordance with this Regulation and, where it is deemed appropriate on a case-by-case assessment, to make those assets available to third parties or to dispose of them.
- (19) The Programme should provide services aimed at meeting the needs of the governmental users. The High Level Civil Military User Needs for Governmental Satellite Communications²¹, which was endorsed by the Council Security Committee in March 2017, identified three pillars of governmental services use-cases: surveillance, crisis management and connection and protection of key infrastructures.
- (20) Operational requirements for the governmental services should be based on the use-case analysis. From those operational requirements, in combination with security requirements and evolving demand of governmental services, the portfolio of governmental services should be developed. The service portfolio should establish the applicable baseline for the governmental services. The service portfolio for the governmental services should take into account the service portfolio of the GOVSATCOM services established within the framework of Regulation (EU) 2021/696. In order to maintain the best possible match between the demand and supplied services, the service portfolio for governmental services should be regularly updated.
- (21) Satellite communications is a finite resource limited by the satellite capacity, frequency and geographical coverage. In order to be cost-effective and to capitalise on economies of scale, the Programme should optimise the match between the supply and demand of the governmental services. Since the demand and the potential supply both change over time, the Commission should monitor the needs to adjust the portfolio for the governmental services whenever this appears necessary.
- (22) The Programme should also allow for the provision of commercial services by the private sector. Such commercial services could in particular contribute to availability

²⁰ JOIN(2021) 30 final.

²¹ EEAS(2017) 359.

of high-speed broadband and seamless connectivity throughout Europe, removing communication dead zones and increasing cohesion across Member State territories, including rural, peripheral, remote and isolated areas and islands, and provide connectivity over geographical areas of strategic interest.

- (23) Member States, the Council, the Commission and the European External Action Service ('EEAS'), as well as Union agencies and bodies should be able to become the Programme participants, insofar as they choose to authorise users of governmental services or provide capacities, sites or facilities. Taking into consideration that it is for the Member States to decide whether to authorise national users of governmental services, Member States should not be obliged to become Programme participants or to host Programme infrastructure.
- (24) Each Programme participant should designate a Secure Connectivity Competent Authority to monitor whether users, and other national entities that play a role in the Programme, comply with the applicable rules and security procedures as laid down in the security requirements.
- (25) This Regulation lays down a financial envelope, which is to constitute the prime reference amount, within the meaning of point 18 of the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources²², for the European Parliament and the Council during the annual budgetary procedure.
- (26) The Programme objectives are coherent and complementary with those of other Union programmes, particularly Horizon Europe established by Regulation (EU) 2021/695 of the European Parliament and of the Council²³, the Digital Europe Programme established by Regulation (EU) 2021/694 of the European Parliament and of the Council²⁴, the Neighbourhood, Development and International Cooperation Instrument – Global Europe established by Regulation (EU) 2021/947 of the European Parliament and of the Council²⁵, the Connecting Europe Facility established by Regulation (EU) 2021/1153 of the European Parliament and of the Council²⁶ and, in particular, the Union Space Programme established by Regulation (EU) 2021/696 of the European Parliament and of the Council²⁷.

²² OJ L 433 I, 22.12.2020, p. 28.

²³ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

²⁴ Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (OJ L 166, 11.5.2021, p. 1).

²⁵ Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1).

²⁶ Regulation (EU) 2021/1153 of the European Parliament and of the Council of 7 July 2021 establishing the Connecting Europe Facility and repealing Regulations (EU) No 1316/2013 and (EU) No 283/2014 (OJ L 249, 14.7.2021, p. 38).

²⁷ Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing

- (27) The Horizon Europe Programme will allocate a dedicated share of its Cluster 4 components to R&I activities related to development and validation of the secure connectivity system, including for the potential technologies that would be developed under New Space. The Neighbourhood, Development and International Cooperation Instrument (NDICI) will allocate a dedicated share of its Global Europe funds for activities related to the operation of the system and the worldwide provision of services that will allow to offer an array of services to international partners. The Union Space Programme will allocate a dedicated share of its GOVSATCOM component for the activities related to the development of the GOVSATCOM Hub which will form part of the ground infrastructure of the Secure Connectivity system. The funding stemming from these programmes should be implemented in accordance with the rules of these programmes. Since those rules may differ significantly from the rules under this Regulation, the need to achieve effectively the intended policy objectives should be taken into account when deciding to finance actions from both the allocated funds from Horizon Europe and NDICI and from the Union Secure Connectivity Programme.
- (28) Due to its inherent implications on the security of the Union and its Member States, the Programme also shares objectives and principles with the European Defence Fund established by Regulation (EU) 2021/697 of the European Parliament and of the Council²⁸. Therefore, part of the funding from that Programme should be provided to fund the activities under this Programme, particularly the actions related to the deployment of its infrastructure.
- (29) Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council²⁹ (the ‘Financial Regulation’) applies to the Programme. The Financial Regulation lays down rules on the implementation of the Union budget, including the rules on grants, prizes, procurement, indirect management, financial instruments, budgetary guarantees, financial assistance and the reimbursement of external experts.
- (30) In accordance with Article 191(3) of the Financial Regulation, in no circumstances are the same costs to be financed twice by the Union budget.
- (31) The Commission, in performing certain tasks of a non-regulatory nature, should be able to have recourse, as required and insofar as necessary, to the technical assistance of certain external parties. Other entities involved in the public governance of the Programme should also be able to make use of the same technical assistance in performing tasks entrusted to them under this Regulation.
- (32) Horizontal financial rules adopted by the European Parliament and by the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union (‘TFEU’) apply to this Regulation. Those rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes and indirect

Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU (OJ L 170, 12.5.2021, p. 69).

²⁸ Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149).

²⁹ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also include a general regime of conditionality for the protection of the Union budget.

- (33) Procurement contracts concluded under the Programme for activities financed by the Programme should comply with Union rules. In that context, the Union should also be responsible for defining the objectives to be pursued as regards public procurement.
- (34) Article 154 of the Financial Regulation provides that, on the basis of the results of an ex-ante assessment, the Commission is to be able to rely on the systems and the procedures of the persons or entities entrusted with the implementation of Union funds. If necessary, specific adjustments to those systems and procedures ('supervisory measures'), as well as the arrangements for the existing contracts, should be defined in the corresponding contribution agreement.
- (35) In order to meet the objectives of the Programme, it is important to be able to call, where appropriate, on capacities offered by Union public and private entities active in the space domain and also to be able to work at international level with third countries or international organisations. For that reason, it is necessary to provide for the possibility to use all the relevant tools and management methods provided for by the TFEU and the Financial Regulation and joint procurement procedures.
- (36) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council³⁰ and Council Regulations (EC, Euratom) No 2988/95³¹, (Euratom, EC) No 2185/96³² and (EU) 2017/1939³³, the financial interests of the Union are to be protected by means of proportionate measures, including measures relating to the prevention, detection, correction and investigation of irregularities including fraud, the recovery of funds lost, wrongly paid or incorrectly used, and, where appropriate, the imposition of administrative penalties. In particular, in accordance with Regulations (Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013 the European Anti-Fraud Office (OLAF) has the power to carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council³⁴. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the financial interests of the Union, grant the necessary rights and access to the

³⁰ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999, (OJ L 248, 18.9.2013, p. 1).

³¹ Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p. 1).

³² Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

³³ Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

³⁴ Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).

Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

- (37) In order to ensure the protection of the financial interests of the Union, it is necessary to require third countries to grant the necessary rights and access required for the authorising officer responsible, OLAF and the Court of Auditors to comprehensively exercise their respective competences.
- (38) A public-private partnership is the most appropriate scheme to ensure that the objectives of the Programme could be pursued. It would permit to build upon the existing EU satellite communication technological and infrastructural base and to provide robust and innovative governmental services, while allowing the private partner to complement the Programme infrastructure with additional capabilities to offer commercial services through additional own investments. Such a scheme would furthermore optimise deployment and operation costs by sharing development and deployment costs on components common to both governmental and commercial infrastructures, as well as operational costs by allowing a high level of capacity mutualisation. It would stimulate innovation in particular for New Space by enabling the sharing of Research and Development risks between public and private partners.
- (39) The implementation model could take the form of a concession contract or other contractual arrangements. Regardless of the implementation model, several key principles should be put in place. The contract should establish a clear distribution of tasks and responsibilities between the public and private partners. Thus, it should avoid any overcompensation of the private partner for the provision of governmental services, allow the provision of commercial services to be established by the private sector and ensure an appropriate prioritisation of governmental user needs. The Commission should be able to assess and approve such services to ensure that the Union's essential interests and Programme's objectives are preserved and adequate safeguards are put in place to prevent potential distortions of competition stemming from the provision of commercial services; such safeguards could include separation of accounts between governmental and commercial services, open, fair and non-discriminatory access to infrastructure necessary for the provision of commercial services. The public-private partnership should foster the participation of start-ups and SMEs along the whole value chain of the concession and across Member States, hereby incentivising the development of innovative and disruptive technologies
- (40) Sound public governance of the Programme requires the clear distribution of responsibilities and tasks among the different actors involved to avoid unnecessary overlap and reduce cost overruns and delays. All the actors of the governance should support, in their field of competence and in accordance with their responsibilities, the achievement of the objectives of the Programme.
- (41) Member States have long been active in the field of space. They have systems, infrastructure, national agencies and bodies linked to space. They are therefore able to make a major contribution to the Programme, especially in its implementation. They might cooperate with the Union to promote the Programme's services and applications and ensure coherence between the relevant national initiatives and the Programme. The Commission might be able to mobilise the means at Member States' disposal, benefit from their assistance and, subject to mutually agreed conditions, entrust the Member States with non-regulatory tasks in the implementation of the Programme.

Moreover, the Member States concerned should take all necessary measures to ensure the protection of the ground infrastructure established on their territories. In addition, Member States and the Commission should work together and with appropriate international bodies and regulatory authorities to ensure that the frequencies necessary for the Programme are available and protected at the adequate level to allow for the full development and implementation of applications based on the services offered, in compliance with Decision No 243/2012/EU of the European Parliament and of the Council³⁵.

- (42) In accordance with Article 17 of the Treaty on European Union ('TEU') and as a promoter of the Union's general interest, it is the Commission's responsibility to implement the Programme, assume overall responsibility and promote its use. In order to optimise the resources and competences of the various stakeholders, the Commission should be able to entrust certain tasks to other entities under justifiable circumstances. Having the overall responsibility for the Programme, the Commission should determine the main technical and operational requirements necessary to implement systems and services evolution. It should do so after having consulted Member States' experts, users and other relevant stakeholders. Finally, in accordance with Article 4(3) TFEU, the exercise of competence by the Union does not result in Member States being prevented from exercising their competences. However, to make good use of the Union funds, it is appropriate that the Commission ensures, as far as possible, the coherence of activities performed in the context of the Programme, with those of the Member States.
- (43) The mission of the European Union Agency for the Space Programme ('the Agency') is to contribute to the Programme, particularly as regards security accreditation. Certain tasks linked to those areas should therefore be entrusted to the Agency. In relation to security in particular, and given its experience in this area, the Agency should be responsible for the security accreditation of the governmental services and infrastructure. Furthermore, the Agency should perform the tasks which the Commission confers on it. When entrusting tasks to the Agency, adequate human, administrative and financial resources should be made available.
- (44) Building on the expertise developed in the past years in management, operation and service provision related to the Galileo and EGNOS components of the Union Space Programme, the Agency is the most appropriate body to implement, under the supervision of the Commission, all the tasks relating to the operation of the governmental infrastructure and provision of governmental services. The Agency should therefore be entrusted with the operation of the governmental infrastructure and the provision of governmental services.
- (45) In order to ensure the operation of the governmental infrastructure and facilitate the provision of the governmental services, the Agency should be allowed to entrust, by means of contribution agreements, specific activities to other entities, in areas of their respective competence, under the conditions of indirect management applying to the Commission.
- (46) ESA is an international organisation with extensive expertise in the space domain including in satellite communication and is therefore an important partner in the implementation of the different aspects of the Union's space policy. In that regard,

³⁵ Decision No 243/2012/EU of the European Parliament and of the Council of 14 March 2012 establishing a multiannual radio spectrum policy programme (OJ L 81, 21.3.2012, p. 7).

ESA should be able to provide technical expertise to the Commission, including for the preparation of the technical aspects of the Programme. To this purpose, ESA may be entrusted with the development and validation activities of the Programme, and support the evaluation of the contracts concluded in the context of the implementation of the Programme.

- (47) Owing to the importance of space-related activities for the Union economy and the lives of Union citizens, achieving and maintaining a high degree of security should be a key priority for the Programme, particularly in order to safeguard the interests of the Union and of the Member States, including in relation to classified and sensitive non-classified information.
- (48) Under Article 17 TEU, the Commission is responsible of the management of programmes which, in accordance with rules set out in the Financial Regulation, may be sub-delegated to third parties, in indirect management. In that context, the Commission must ensure that the tasks performed by third parties to implement the Programme in indirect management do not undermine the security of the Programme in particular as regards to the control of classified information. It should therefore be clarified that where the Commission entrusts ESA to carry out tasks under the Programme, the corresponding contribution agreements must ensure that classified information generated by ESA is considered as EU classified information ('EUCI') in accordance with Commission Decision (EU, Euratom) 2015/444³⁶ and Council Decision 2013/488/EU³⁷ created under the authority of the Commission.
- (49) Without prejudice to Member States' prerogatives in the area of national security, the Commission and the High Representative, each within their respective area of competence, should ensure the security of the Programme in accordance with this Regulation and, where relevant, Council Decision (CFSP) 2021/698³⁸.
- (50) Given the specific expertise of the EEAS and its regular contact with authorities of third countries and international organisations, the EEAS should be able to assist the Commission in performing certain tasks relating to the security of the Programme in the field of external relations, in accordance with Council Decision 2010/427/EU³⁹.
- (51) Without prejudice to the sole responsibility of the Member States in the area of national security, as provided for in Article 4(2) TEU, and to the right of the Member States to protect their essential security interests in accordance with Article 346 TFEU, a specific governance of security should be established to ensure a smooth implementation of the Programme. That governance should be based on three key principles. Firstly, it is imperative that Member States' extensive, unique experience in security matters be taken into consideration to the greatest possible extent. Secondly, in order to prevent conflicts of interest and any shortcomings in applying security rules, operational functions should be segregated from security accreditation functions. Thirdly, the entity in charge of managing all or part of the Programme's infrastructure

³⁶ Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information (OJ L 72, 17.3.2015, p. 53).

³⁷ Council Decision of 23 September 2013 on the security rules for protecting EU classified information (OJ L 274, 15.10.2013, p. 1).

³⁸ Council Decision (CFSP) 2021/698 of 30 April 2021 on the security of systems and services deployed, operated and used under the Union Space Programme which may affect the security of the Union, and repealing Decision 2014/496/CFSP (OJ L 170, 12.5.2021, p. 178).

³⁹ Council Decision of 26 July 2010 establishing the organisation and functioning of the European External Action Service (2010/427/EU) (OJ L 201, 3.8.2010, p. 30).

is also the best placed to manage the security of the tasks entrusted to it. The security of the Programme would build upon the experience gained in the implementation of the Union Space Programme over the past years. Sound security governance also requires that roles be appropriately distributed among the various players. As it is responsible for the Programme, the Commission, without prejudice to Member States prerogatives in the area of national security, should determine the general security requirements applicable to the Programme.

- (52) The cybersecurity of the Programme infrastructures, both ground and space, is key to ensuring the continuity of the service and the operations of the system. The need to protect the system and its services against cyberattacks, including by making use of new technologies, should therefore be duly taken into account when establishing security requirements.
- (53) Where appropriate, after the risk and threat analysis, the Commission should identify a security monitoring structure. That security monitoring structure should be the entity responding to instructions developed under the scope of Decision (CFSP) 2021/698.
- (54) The governmental services provided by the Programme will be used by the Union's governmental actors in security and safety critical missions. Therefore, such services and infrastructure should be subject to security accreditation.
- (55) It is indispensable that security accreditation activities be carried out on the basis of collective responsibility for the security of the Union and its Member States, by endeavouring to build consensus and involving all those concerned with the issue of security, and that a procedure for permanent risk monitoring be put in place. It is also necessary that technical security accreditation activities are conducted by professionals who are duly qualified in the field of accreditation of complex systems and who have an adequate level of security clearance.
- (56) An important objective of the Programme is to ensure the security of the Union and the Member States and to strengthen the resilience across key technologies and value chains. In specific cases, that objective requires conditions for eligibility and participation to be set, to ensure the protection of the integrity, security and resilience of the operational systems of the Union. That should not undermine the need for competitiveness and cost-effectiveness.
- (57) Considering the importance for the Programme of its ground governmental infrastructure and the impact thereof on its security, the location of such infrastructure should be determined by the Commission. The deployment of the ground governmental infrastructure of the Programme should continue to follow an open and transparent process, which could involve the Agency where appropriate based on its field of competence.
- (58) The Programme's governmental services will be used in security and safety critical missions and operations by Union and Member State actors. Therefore, in order to protect the essential security interest of the Union and its Member States, measures to ensure a necessary level of non-dependence on third parties (third countries and entities from third countries) are needed, covering all Programme elements. This includes space and ground technologies at component, subsystem and system level, manufacturing industries, owners and operators of space systems, and physical location of ground system components.
- (59) To ensure the competitiveness of the European space industry in the future, the Programme should contribute to the development of advanced skills in space-related

fields and support education and training activities, promoting equal opportunities, gender equality and women's empowerment, in order to realise the full potential of Union citizens in that area.

- (60) Given its worldwide coverage, the Programme has a strong international dimension. International partners, their governments and citizens will be recipients of the Programme's array of services with accrued benefits to the international cooperation of the Union and the Member States with these partners. For matters relating to the Programme, the Commission might coordinate, on behalf of the Union and in its field of competence, the activities on the international scene. In particular, the Commission, as regards the Programme, would defend the interests of the Union and the Member States in international fora, including in the area of frequencies, without prejudice to Member States' competence in that area.
- (61) Members of the European Free Trade Association (EFTA) which are members of the European Economic Area (EEA), acceding countries, candidate countries and potential candidates as well as the European Neighbourhood Policy countries and other third countries may be allowed to participate in the Programme only on the basis of an agreement to be concluded in accordance with Article 218 TFEU.
- (62) Pursuant to Council Decision 2013/755/EU⁴⁰, persons and entities established in overseas countries or territories are eligible for funding subject to the rules and objectives of the Programme and possible arrangements applicable to the Member State to which the relevant overseas country or territory is linked.
- (63) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission relating to adoption of the location of the centres belonging to the ground governmental infrastructure, the operational requirements for governmental services, the service portfolio for governmental services, as well as the establishment of additional requirements for the participation of third countries and international organisations in the Programme. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁴¹.
- (64) In principle, the governmental services should be provided free of charge to users of the governmental services. If, after analysis, the Commission concludes that there is a shortage of capacities, it should be permitted to develop a pricing policy as part of those detailed rules on the service provision in order to avoid a distortion of the market. The Commission should be conferred with implementing powers to adopt such pricing policy. Those powers should be exercised in accordance with Regulation (EU) No 182/2011.
- (65) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers relating to the location of the ground segment of the governmental infrastructure should be conferred on the Commission. For the selection of such locations, the Commission should be able to take into account the operational and security requirements, as well as the existing infrastructure. Those powers should be exercised in accordance with Regulation (EU) No 182/2011.

⁴⁰ Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union ('Overseas Association Decision') (OJ L 344, 19.12.2013, p. 1).

⁴¹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

- (66) In the interest of sound public governance and given the synergies between this Programme and the Union Space Programme, and in particular to ensure appropriate synergies with the GOVSATCOM component, the Programme committee established within the framework of Regulation (EU) 2021/696 in the GOVSATCOM configuration should also serve as the committee for the purposes of this Programme. For matters pertaining to the security of the Programme, the Programme committee should meet in a dedicated security configuration.
- (67) As sound public governance requires uniform management of the Programme, faster decision-making and equal access to information, representatives of the entities entrusted with tasks related to the Programme might be able to take part as observers in the work of the Programme committee established in application of Regulation (EU) No 182/2011. For the same reasons, representatives of third countries and international organisations who have concluded an international agreement with the Union, relating to the Programme, might be able to take part in the work of the Programme committee subject to security constraints and as provided for in the terms of such agreement. The representatives of entities entrusted with tasks related to the Programme, third countries and international organisations should not be entitled to take part in the Programme committee voting procedures. The conditions for the participation of observers and ad hoc participants should be laid down in the rules of procedure of the Programme committee.
- (68) Pursuant to paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁴², this Programme should be evaluated on the basis of information collected in accordance with specific monitoring requirements, while avoiding administrative burden, in particular on Member States, and overregulation. Those requirements, where appropriate, should include measurable indicators as a basis for evaluating the effects of the Programme. The evaluation of this Programme should take into account the findings of the evaluation of the Union Space Programme pertaining to the GOVSATCOM component conducted within the framework of Regulation (EU) 2021/696.
- (69) In order to ensure the continuing adequacy of the indicators to report on the progress of the Programme, as well as the Programme's monitoring and evaluation framework, the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of amending the Annex to this Regulation with regard to the indicators, as well as to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework, which may consider inter alia, the end user uptake and impacts on the internal market. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (70) In order to ensure uniform conditions for the implementation of the Programme's security requirements, implementing powers should be conferred on the Commission.

⁴² OJ L 123, 12.5.2016, p. 1.

Those powers should be exercised in accordance with Regulation (EU) No 182/2011. Member States should be able to exert a maximum of control over the Programme's security requirements. When adopting implementing acts in the area of security of the Programme, the Commission should be assisted by the Programme committee meeting in a dedicated security configuration. In view of the sensitivity of security matters, the chair of the Programme committee should endeavour to find solutions which command the widest possible support within the committee. The Commission should not adopt implementing acts determining the general security requirements of the Programme in cases where no opinion is delivered by the Programme committee.

- (71) Since the objective of this Regulation cannot be sufficiently achieved by the Member States, but can rather, by reason of the scale and effects of the action that go beyond the financial and technical capacities of any single Member State, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective,

HAVE ADOPTED THIS REGULATION:

Chapter I

General provisions

Article 1

Subject matter

1. This Regulation establishes the Union Secure Connectivity Programme ('the Programme'). It lays down the objectives of the Programme, and the rules on the activities of the Programme, infrastructure and services of the Programme, participants of the Programme, the budget for the period 2023-2027, the forms of Union funding and the rules for providing such funding, as well as the rules for the implementation of the Programme.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) 'Critical infrastructure' means an asset, system or part thereof located in Member States which is essential for the maintenance of vital societal functions, health, safety, security, economic or social well-being of people, and the disruption or destruction of which would have a significant impact in a Member State as a result of the failure to maintain those functions;
- (2) 'European Quantum Communication Infrastructure (EuroQCI)' means an interconnected space and ground infrastructure belonging to the infrastructure of the Programme using quantum-based technology to ensure the distribution of cryptographic keys;
- (3) 'GOVSATCOM Hub' shall have the meaning defined in Article 2(23) of Regulation (EU) 2021/696;

- (4) 'GOVSATCOM user' shall have the meaning defined in Article 2(22) of Regulation (EU) 2021/696;
- (5) 'Infrastructure' means an asset, system or part thereof, which is necessary for the delivery of the services provided by the Programme;
- (6) 'New Space industry' means private companies, small and medium-sized enterprises and start-ups that develop novel space technologies and applications;
- (7) 'Payload' means equipment carried by a spacecraft for the performance of a particular mission in space;
- (8) 'Secure connectivity system' means the system developed in accordance with this Regulation comprising the infrastructure referred to in Article 5 and providing the services referred to in Article 7;
- (9) 'The Agency' means the European Union Agency for the Space Programme established by Regulation (EU) 2021/696.

Article 3

Programme objectives

1. The general objective of the Programme is to establish a secure and autonomous space-based connectivity system for the provision of guaranteed and resilient satellite communication services, in particular to:
 - (a) ensure the long-term availability of worldwide uninterrupted access to secure and cost-effective satellite communication services to governmental users in accordance with paragraphs 1 to 3 of Article 7, which supports protection of critical infrastructures, surveillance, external actions, crisis management and applications that are critical for the economy, environment, security and defence, thereby increasing the resilience of Member States;
 - (b) allow for the provision of commercial services by the private sector in accordance with Article 7(4).
2. The Programme has the following specific objectives:
 - (a) improve the resilience of the Union communication services by developing, building and operating a multi-orbital connectivity infrastructure, continuously adapted to evolution of demand for satellite communications, while taking into account the existing and future assets of the Member States used in the frame of the GOVSATCOM component of the Union Space Programme established by Regulation (EU) 2021/696⁴³;
 - (b) contribute to cyber resilience by proactive and reactive defence against cyber and electromagnetic threats and operational cybersecurity, and integrate the space and related ground segment of the European Quantum Communication Infrastructure to enable secure transmission of cryptographic keys;

⁴³ Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU (OJ L 170, 12.5.2021, p. 69).

- (c) improve and expand the capabilities and services of other components of the Union Space Programme;
- (d) incentivise the deployment of innovative and disruptive technologies, in particular by leveraging the New Space industry; and
- (e) allow further development of high-speed broadband and seamless connectivity throughout the Union, removing communication dead zones and increasing cohesion across Member State territories, and allow connectivity over geographical areas of strategic interest outside of the Union.

Article 4

Implementation activities of the Programme

1. The provision of the governmental services referred to in Article 7(1) shall be ensured through the implementation of the following activities:
 - (a) development and validation activities, comprising the construction and launch of the initial space and ground infrastructure required to provide governmental services;
 - (b) development and integration of the space and related ground segment of the European Quantum Communication Infrastructure into the space and ground infrastructure of the secure connectivity system
 - (c) deployment activities to complete the space and ground infrastructure required to provide governmental services;
 - (d) exploitation activities for the provision of governmental services, comprising:
 - (i) the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management.
 - (e) development of future generations of the space and ground infrastructure and the evolution of the governmental services.
2. The exploitation activities referred to in paragraph 1, point (d), shall begin progressively with the provision of a preliminary set of services by 2024. Those early services shall be improved through the gradual deployment of the space and ground infrastructure leading to full operational capability aimed by 2027.
3. Actions referred to in Article 6 shall be provided throughout the whole duration of the Programme.

Article 5

Infrastructure of the secure connectivity system

1. The infrastructure of the secure connectivity system shall consist of governmental and commercial infrastructure as laid down in paragraphs 2 and 3 respectively.
2. The governmental infrastructure of the secure connectivity system shall include all the related ground and space assets which are required for the provision of the governmental services, as set out in Article 7(1), including the following assets:
 - (a) satellites or satellite subcomponents;

- (b) space and ground subcomponents ensuring the distribution of cryptographic keys;
- (c) infrastructure for monitoring the security of the Programme infrastructure and services;
- (d) infrastructure for the provision of the services to the governmental users;
- (e) the GOVSATCOM ground segment infrastructure as set out in Article 67 of Regulation (EU) 2021/696, including the GOVSATCOM Hubs.

For the purpose of this Regulation, the right of use of the frequencies necessary for the transmission of the signals generated by the ground and space assets of the governmental infrastructure shall be part of the governmental infrastructure.

The governmental infrastructure shall support additional payloads that may be used as part of the space-based infrastructure of the components of the Union Space Programme listed in Article 3 of Regulation (EU) 2021/696 under the terms and conditions set out in that Regulation.

3. The Commission shall, by means of implementing acts, lay down, where necessary, measures required to determine the location of the centres belonging to the ground governmental infrastructure, except the GOVSATCOM Hubs, in accordance with security requirements, following an open and transparent process. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2) of this Regulation. The location of the GOVSATCOM Hubs shall be determined in accordance with Article 67(2) of regulation (EU) 2021/696.

For the protection of the security interests of the Union and its Member States the centres referred to in the first subparagraph shall be, where possible, located in the territory of the Member States and governed by a hosting agreement taking the form of an administrative agreement between the Union and the Member State concerned.

Where it is not possible to locate the centre in the territory of the Member States, the Commission may determine the location of such centre in the territory of a third country, subject to a hosting agreement between the Union and the third country concerned concluded in accordance with Article 218 TFEU.

4. The commercial infrastructure referred to in paragraph 1 shall include all space and ground assets other than those being part of the governmental infrastructure. The commercial infrastructure shall be entirely financed by the contractor referred to in Article 15(2).
5. In order to protect the security interests of the Union, the space assets of the secure connectivity system shall be launched by a launch service provider that complies with the conditions set out in Article 19 and, where possible, from the territory of the Member States.

Article 6

Actions in support of an innovative and competitive Union space sector

1. The Programme shall support an innovative and competitive Union space sector and stimulate the New Space industry in the Union, and in particular the initiatives and activities listed in Article 6 of Regulation (EU) 2021/696, including, where appropriate, support of commercial services.

2. The Commission shall contribute to the activities referred to in paragraph 1, by taking the following measures:
 - (a) establish criteria for the award of the contracts referred to in Article 15 ensuring the participation of start-ups and small and medium-sized enterprises (SMEs) from across the Union and along the whole relevant value chain;
 - (b) require that the contractor referred to in Article 15(2) provides a plan on the integration of start-ups and SMEs from across the Union in the activities under the contracts referred to in Article 15;
 - (c) require through the contracts referred to in Article 15 that start-ups and SMEs are able to deliver own services to end-users;
 - (d) promote stronger participation of women innovators and establish equality and inclusion goals in the tender documentation.

Chapter II Services

Article 7

Definition of Services portfolio

1. The provision of governmental services shall be ensured as laid down in the service portfolio referred to in paragraph 3 and in accordance with the operational requirements set out in in paragraph 2.
2. The Commission shall adopt, by means of implementing acts, the operational requirements for governmental services, in the form of technical specifications for use-cases related in particular to crisis management, surveillance and key infrastructure management, including diplomatic communication networks. Those operational requirements shall be based on the detailed analysis of the requirements of the Programme users, shall take into account requirements stemming from existing user equipment and networks and operational requirements for GOVSATCOM services according to Article 63(2) of the Space Programme Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2).
3. The Commission shall adopt, by means of implementing acts, the service portfolio for the governmental services in the form of a list of services and their attributes, including geographical coverage, frequency, bandwidth, user equipment, and security features. Those implementing acts shall be based on the operational requirements referred to in paragraph 2 of this Article and applicable security requirements referred to in Article 27(2). These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2).
4. The provision of commercial services shall be financed by the contractor referred to in Article 15(2). The terms and conditions for the provision of commercial services shall be determined in the contracts referred to in Article 15. They shall in particular specify how the Commission will assess and approve the provision of commercial services to ensure that the Union's essential interests and the Programme's general and specific objectives referred to in Article 3 are preserved. They shall also include adequate safeguards to prevent distortions of competition in the provision of commercial services, to avoid any conflict of interest, undue discrimination and any

other hidden indirect advantages to the contractor referred to in Article 15(2). Such safeguards may include the obligation of accounting separation between the provision of governmental services and the provision of commercial services, including the setting up of a structurally and legally separate entity from the vertically integrated operator for the provision of governmental services, and the provision of open, fair and non-discriminatory access to infrastructure necessary for the provision of commercial services.

Article 8

Governmental services

1. Governmental services shall be provided to the Programme participants referred to Article 9(1), (2) and (3).
2. The Commission shall adopt, by means of implementing acts, detailed rules on the provision of governmental services taking into account Article 66 of the Space Programme Regulation and the expected demand for the different use-cases, dynamic allocation of the resources and prioritisation of the governmental services according to relevance and criticality of the users' needs and, where appropriate, the cost-efficiency.
3. Access to the governmental services shall be free of charge for its users.
4. By way of derogation from paragraph 3, the Commission may, in duly justified cases and on an exceptional basis, determine, by means of implementing acts, a pricing policy.

By determining this pricing policy, the Commission shall ensure that the provision of the governmental services does not distort competition, that there is no shortage of the governmental services and that the price identified will not result in an overcompensation of the beneficiary.

5. The implementing acts referred to in paragraphs 2 and 4 of this Article shall be adopted in accordance with the examination procedure referred to in Article 42(2).
6. The provision of governmental services between the users authorised by the same Programme participant shall be determined and implemented by that Programme participant.

Article 9

Programme participants and competent authorities

1. Member States, the Council, the Commission and the European External Action Service (EEAS) shall be the Programme participants insofar as they authorise the users of the governmental services.
2. Union agencies and bodies may become the Programme participants insofar as necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.
3. Third countries and international organisations may become the Programme participants in accordance with Article 36.

4. Each Programme participant shall designate one Secure Connectivity Competent authority.

That requirement shall be deemed to be complied with by the Programme participants, if they satisfy the following criteria:

- (a) they are also GOVSATCOM participants referred to in Article 68 of Regulation (EU) 2021/696; and
 - (b) they have designated a competent authority in accordance with Article 68(4) of Regulation 2021/696.
5. A Secure Connectivity Competent authority referred to in paragraph 4 shall ensure that:
 - (a) the use of services is in compliance with the applicable security requirements;
 - (b) the access rights to the governmental services are determined and managed;
 - (c) user equipment necessary for the use of the governmental services and associated electronic communication connections and information are used and managed in accordance with applicable security requirements;
 - (d) a central point of contact is established to assist as necessary in the reporting of security risks and threats, in particular the detection of potentially harmful electromagnetic interference affecting the services under the Programme.

Article 10

Users of the governmental services

1. The following entities may be authorised as users of the governmental services:
 - (a) a Union or Member State public authority or a body entrusted with the exercise of such public authority;
 - (b) a natural or legal person acting on behalf of and under the control of an entity referred to in point (a) of this paragraph.
2. The users of the governmental services referred to in paragraph 1 shall be duly authorised by the Programme participants referred to in Article 9 to use the governmental services and shall comply with the general security requirements referred to in Article 27(2).

Chapter III

Budgetary contribution and mechanisms

Article 11

Budget

1. The financial envelope for the implementation of the Programme for the period from 1 January 2023 to 31 December 2027 and for covering the associated risks shall be EUR 1,600 billion in current prices.

The indicative distribution of the amount from the MFF 2021-27 shall be as follows:

 - EUR 950 million from Heading 1;

- EUR 500 million from Heading 5;
 - EUR 150 million from Heading 6.
2. The Programme shall be complemented by funding implemented under the Horizon Europe Programme, the Union Space Programme and the Neighbourhood, Development and International Cooperation Instrument (NDICI) for a maximum indicative amount of EUR 0,430 billion, EUR 0,220 billion and EUR 0,150 billion respectively. This funding shall be implemented in accordance with Regulation (EU) No 2021/695, Regulation (EU) No 2021/696 and Regulation (EU) No. 2021/947 respectively.
 3. The amount referred to in paragraph 1 may be used to cover all the activities required to fulfil the objectives referred to in Article 3. Such expenditure may also cover:
 - (a) studies and meetings of experts, in particular compliance with its cost and time constraints;
 - (b) information and communication activities, including corporate communication on the policy priorities of the Union where they are directly linked to the objectives of this Regulation, with a particular view to creating synergies with other Union policies;
 - (c) the information technology networks whose function it is to process or exchange information, and the administrative management measures implemented by the Commission, including in the field of security, implemented by the Commission;
 - (d) technical and administrative assistance for the implementation of the Programme, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.
 4. Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.

Article 12

Cumulative and alternative funding

An action that has received a contribution from another Union programme, including funds under shared management, may also receive a contribution under the Programme, provided that the contributions do not cover the same costs. The rules of the relevant Union programme shall apply to the corresponding contribution to the action. The cumulative funding shall not exceed the total eligible costs of the action. The support from the different Union programmes may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

Article 13

Contributions to the Programme

1. The Programme may receive additional financial contributions or contributions in-kind from:
 - (a) Union agencies and bodies;
 - (b) Member States;

- (c) Third countries participating in the programme;
 - (d) European Space Agency (ESA) or other international organisations in line with relevant agreements.
2. The additional financial contribution referred to in paragraph 1 of this Article and revenues pursuant to Article 8(4) shall be treated as external assigned revenue in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046 (the ‘Financial Regulation’).

Article 14

Implementation and forms of Union funding

1. The Programme shall be implemented under direct management in accordance with the Financial Regulation or under indirect management with bodies referred to in the first subparagraph of point (c) of Article 62(1) of the Financial Regulation.
2. The Programme may provide funding in any of the forms laid down in the Financial Regulation, in particular grants, prizes and procurement. It may also provide financing in the form of financial instruments within blending operations.

Chapter IV Implementation of the Programme

Article 15

Implementation model

1. The activities set out in Article 4 of this Regulation shall be implemented through contracts awarded in compliance with the Financial Regulation and the principles of procurement under Article 17 of this Regulation.
2. The roles, responsibilities, financial scheme and allocation of risks between the Union and the contractor for their implementation shall be set out in contracts, which may take the form of a concession contract, a supply, service or works contract or a mixed contract, taking into account the ownership regime under Article 16 and the funding of the Programme under Chapter III.
3. The contracts referred to in this Article shall be procured under direct and indirect management and may take the form of an inter-institutional procurement referred to in Article 165(1) of the Financial Regulation, between the Commission and the Agency, whereby the Commission shall assume the role of lead contracting authority.
4. If the procurement procedure referred to in paragraph 2 takes the form of a concession contract and such procedure leads to the failure to conclude the concession contract, the Commission shall restructure the procurement and implement a supply, service or works contract, as appropriate for an optimal implementation of the Programme.
5. Where appropriate, the procurement procedures for the contracts referred to in this Article may also take the form of joint procurements with Member States, according to Article 165(2) of the Financial Regulation.
6. The contracts referred to in this Article shall include adequate safeguards to avoid any overcompensation of the contractor, distortions of competition, any conflict of

interest, undue discrimination and any other hidden indirect advantages. In accordance with Article 7(4), they shall contain provisions on the assessment and approval process of commercial services provided by the contractor to ensure that the Union's essential interest and the Programme objectives are preserved.

7. The contracts referred to in this Article shall contain provisions on the establishment of a scheme to offset the CO₂ emissions generated by the launches of the infrastructure referred to in Article 5.

Article 16

Ownership and use of assets

1. The Union shall be the owner of all tangible and intangible assets laid down in Article 5, which form part of the governmental infrastructure. To that effect, the Commission shall ensure that contracts, agreements and other arrangements concerning activities that may result in the creation or development of such assets contain provisions ensuring the Union's ownership of those assets.

In particular, the Commission shall ensure that the Union has the following rights:

- (a) the right of use of the frequencies required for the transmission of the signals generated by the Programme, in accordance with the applicable laws, regulations and relevant licensing agreements and the filings provided by the Member States remaining their property;
 - (b) the right to prioritise the provision of the governmental services over the commercial services, according to terms and conditions to be established in the contracts referred to in Article 15 and considering the users of the governmental services referred to in Article 10(1).
2. By way of derogation from paragraph 1, the Commission shall seek to conclude contracts, agreements or other arrangements with third parties with regard to:
 - (a) pre-existing ownership rights in respect of tangible and intangible assets forming part of the Programme infrastructure;
 - (b) the acquisition of the ownership or license rights in respect of other tangible and intangible assets necessary for the implementation of the Programme.
3. Where the assets referred to in paragraphs 1 and 2 consist of intellectual property rights, the Commission shall manage those rights as effectively as possible, taking into account:
 - (a) the need to protect and give value to the assets;
 - (b) the legitimate interests of all stakeholders concerned;
 - (c) the need to ensure competitive and well-functioning markets and to develop new technologies;
 - (d) the need for the continuity of the services provided by the Programme.
4. The Commission shall, in particular, ensure that the relevant contracts, agreements and other arrangements include the possibility of transferring those intellectual property rights to third parties or of granting third-party licences for those rights, including to the creator of the intellectual property, and that such third parties can freely enjoy those rights where necessary for carrying out their tasks under this Regulation.

Article 17

Principles of procurement

1. Procurement under the Programme shall be carried out in accordance with the rules on procurement laid down by the Financial Regulation.
2. In procurement procedures for the purpose of the Programme, complementing the principles laid down in the Financial Regulation, the contracting authority shall act in accordance with the following principles:
 - (a) to promote in all Member States throughout the Union and throughout the supply chain, the widest and most open participation possible by economic operators, in particular start-ups, new entrants and SMEs, including in the case of sub-contracting by the tenderers;
 - (b) to ensure effective competition in the tendering process, while taking into account the objectives of technological independence and continuity of services;
 - (c) to follow the principles of open access and competition, by tendering on the basis of the provision of transparent and timely information, clear communication of the applicable procurement rules and procedures, selection and award criteria and any other relevant information allowing a level-playing field for all potential tenderers;
 - (d) to protect the security and public interest of the Union and its Member States, including through a reinforcement of the autonomy of the Union, in particular in technological terms;
 - (e) to comply with the security requirements of the Programme's core infrastructure and to contribute to the protection of the essential security interests of the Union and its Member States;
 - (f) by way of derogation from Article 167 of the Financial Regulation, to use, wherever appropriate, multiple supply sources in order to ensure better overall control of all the Programme's components, their cost and schedule;
 - (g) to promote service continuity and reliability;
 - (h) to satisfy environmental criteria;
 - (i) to ensure the effective promotion of equal opportunities for all, and the implementation of gender mainstreaming, and of the gender dimension and shall aim to address the causes of gender imbalance. Particular attention shall be paid to ensure gender balance in evaluation panels.

Article 18

Subcontracting

1. To encourage new entrants, SMEs and start-ups and their cross-border participation, and to offer the widest possible geographical coverage while protecting the Union's autonomy, the contracting authority shall request that the tenderer subcontracts part of the contract by competitive tendering at the appropriate levels of subcontracting to companies other than those affiliated with the tenderer's group.
2. The tenderer shall justify any derogation from a request made under paragraph 1.

Article 19

Eligibility and participation conditions for the preservation of the security, integrity and resilience of operational systems of the Union

Eligibility and participation conditions shall apply to the award procedures carried out in the implementation of the Programme, where necessary and appropriate to preserve the security, integrity and resilience of the operational Union systems as set out in Article 24 of Regulation (EU) 2021/696, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains, while preserving an open economy.

Article 20

Protection of the financial interests of the Union

Where a third country participates in the Programme by means of a decision adopted pursuant to an international agreement or on the basis of any other legal instrument, the third country shall grant the necessary rights and access required for the authorising officer responsible, OLAF, the European Public Prosecutor's Office and the Court of Auditors to comprehensively exercise their respective competences. In the case of OLAF, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, as provided for in Regulation (EU, Euratom) No 883/2013.

Chapter V

Governance of the Programme

Article 21

Principles of governance

The governance of the Programme shall be based on the following principles:

- (a) clear distribution of tasks and responsibilities between the entities involved in the implementation of the Programme
- (b) relevance of the governance structure to the specific needs of the Programme and measures, as appropriate;
- (c) strong control of the Programme, including strict adherence to cost, schedule and performance by all the entities, within their respective roles and tasks in accordance with this Regulation;
- (d) transparent and cost-efficient management;
- (e) service continuity and necessary infrastructure continuity, including protection from relevant threats;
- (f) systematic and structured consideration of the needs of users of the data, information and services provided by the Programme, as well as of related scientific and technological evolutions;
- (g) constant efforts to control and mitigate risks.

Article 22

Role of the Member States

1. Member States shall contribute with their technical competence, know-how and assistance, in particular in the field of safety and security, or, where appropriate and possible, by making available to the Union the data, information, services and infrastructure in their possession or located on their territory.
2. Where relevant, the Member States shall ensure coherence and complementarity of their recovery and resilience plans under Regulation (EU) 2021/241 of the European Parliament and of the Council⁴⁴ and the Programme.
3. The Member States shall take all the necessary measures to ensure the smooth functioning of the Programme, including by helping to secure and protect, at the appropriate level, the frequencies required for the Programme.
4. The Member States and the Commission may cooperate to widen the uptake of services provided by the Programme.
5. In the field of security, the Member States shall perform the tasks referred to in Article 42 of Regulation (EU) 2021/696.
6. The Member States shall provide their operational needs for the governmental services.

Article 23

Role of the Commission

1. The Commission shall have overall responsibility for the implementation of the Programme, including in the field of security, without prejudice to Member States' prerogatives in the area of national security. The Commission shall, in accordance with this Regulation, determine the priorities and evolution of the Programme, in line with the user requirements, and shall supervise its implementation, without prejudice to other policies of the Union.
2. The Commission shall ensure a clear division of tasks and responsibilities between the various entities involved in the Programme and shall coordinate the activities of those entities. The Commission shall also ensure that all the entrusted entities involved in the implementation of the Programme protect the interests of the Union, guarantee the sound management of the Union's funds and comply with the Financial Regulation and this Regulation.
3. The Commission shall procure, award and sign the contracts referred to in Article 15 in compliance with the Financial Regulation.
4. The Commission may entrust tasks concerning the Programme to the Agency and ESA under indirect management, in compliance with their respective roles and responsibilities as set out under Articles 24 and 25. In order to facilitate the achievement of the objectives under Article 3 and promote the most efficient cooperation between the three entities, the Commission may establish contribution agreements with each entity.

⁴⁴ Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

5. Without prejudice to the tasks of the contractor referred to in Article 15(2), the Agency or other entrusted entities, the Commission shall ensure that the uptake and use of the services provided by the Programme is promoted and maximised. It shall ensure complementarity, consistency, synergies and links between the Programme and other Union actions and programmes.
6. Where appropriate, the Commission shall ensure the coherence of activities performed in the context of the Programme with activities carried out in the space domain at Union, national or international level. It shall encourage cooperation between the Member States and, where relevant to the Programme, facilitate convergence of their technological capacities and developments in the space domain.
7. The Commission shall inform the Programme committee referred to in Article 42(1) of the interim and final results of the evaluation of any procurement procedures and of any contracts, including subcontracts, with public and private entities.

Article 24

Role of the Agency

1. The own task of the Agency shall be to ensure, through its Security Accreditation Board, the security accreditation of the governmental infrastructure and governmental services in accordance with Chapter II of Title V of Regulation (EU) 2021/696.
2. The Commission may entrust, by means of one or more contribution agreements, the following tasks to the Agency:
 - (a) operation of the governmental infrastructure of the Programme;
 - (b) operational security of the governmental infrastructure, including risk and threat analysis, security monitoring, in particular setting technical specifications and operational procedures, and monitoring their compliance with the general security requirements referred to in Article 27(2).
 - (c) provision of the governmental services;
 - (d) management of contracts referred to in Article 15, after their award and signature;
 - (e) overarching coordination of user-related aspects of the governmental services in close collaboration with Member States, relevant Union agencies, EEAS and other entities;
 - (f) undertaking activities related to user uptake of services offered by the Programme without affecting the activities performed by the contractor referred to in Article 15(2) under contracts referred to in Article 15.
3. By way of derogation from Article 62(1) of the Financial Regulation and subject to the Commission's assessment of the protection of the Union's interests, the Agency may entrust, by means of contribution agreements, specific activities to other entities, in areas of their respective competence, under the conditions of indirect management applying to the Commission.
4. Where activities are entrusted to the Agency, appropriate financial, human and administrative resources shall be ensured for their implementation. For this purpose, the Commission may allocate part of the budget for the activities entrusted to the Agency for the funding of human resources necessary for their implementation.

Article 25

Role of ESA

1. Provided that the interest of the Union is protected, ESA may, within the field of its expertise, be entrusted with the following tasks:
 - (a) the supervision of the development and validation activities referred to in Article 4(1), point (a), undertaken within the framework of contracts referred to in Article 15, ensuring coordination between the tasks and budget entrusted to ESA under the present article and possible ESA's own resources made available to the Programme or the contractor referred to in Article 15(2) according to terms and conditions to be agreed in the contribution agreements referred to in Article 23(4);
 - (b) the provision of technical expertise to the Commission; including for the preparation of the technical aspects of the Programme;
 - (c) the support to the evaluation of contracts under Article 15.
2. On the basis of an assessment by the Commission, ESA may be entrusted with other tasks based on the needs of the Programme, in particular related to space and related ground segment of the European Quantum Communication Infrastructure, provided that those tasks do not duplicate activities performed by another entity in the context of the Programme and that they aim to improve the efficiency of the implementation of the Programme's activities.

Chapter VI

Security of the Programme

Article 26

General principles of security

Article 33 of Regulation (EU) 2021/696 shall apply to this Programme.

Article 27

Governance of security

1. The Commission shall, in its field of competence and with the support of the Agency, ensure a high degree of security with regard, in particular, to:
 - (a) the protection of infrastructure, both ground and space, and of the provision of services, particularly against physical or cyber-attacks, including interference with data streams;
 - (b) the control and management of technology transfers;
 - (c) the development and preservation within the Union of the competences and know-how acquired;
 - (d) the protection of sensitive non-classified information and classified information.
2. For the purposes of paragraph 1 of this Article, the Commission shall ensure that a risk and threat analysis is performed for the governmental infrastructure referred to

in Article 5(2). Based on that analysis it shall determine, by means of implementing acts the general security requirements. In doing so, the Commission shall take account of the impact of those requirements on the smooth functioning of the governmental infrastructure, in particular in terms of cost, risk management and schedule, and shall ensure that the general level of security is not reduced, the functioning of the equipment is not undermined and the cybersecurity risks are taken into account. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2).

3. Article 34(3) to (7) of Regulation (EU) 2021/696 shall apply to this Programme. For the purposes of this Regulation, the term ‘component’ in Article 34 of Regulation (EU) 2021/696 shall be read as ‘governmental infrastructure’ and all the references to Article 34(2) of Regulation (EU) 2021/696 shall be construed as references to paragraph 2 of this Article.

Article 28

Security of the system and services deployed

Whenever the security of the Union or its Member States may be affected by the operation of the system or the provision of the governmental services, Decision (CFSP) XXX shall apply.

Article 29

Security Accreditation Authority

The Security Accreditation Board established within the Agency under Article 72(1) of Regulation (EU) 2021/696 shall be the security accreditation authority for the governmental infrastructure of the Programme.

Article 30

General principles of security accreditation

Security accreditation activities related to the Programme shall be conducted in accordance with the principles laid down in Article 37, points (a) to (j), of Regulation (EU) 2021/696. For the purposes of this Regulation, the term ‘component’ in Article 37 of Regulation (EU) 2021/696 shall be read as ‘governmental infrastructure’ and all the references to Article 34(2) of Regulation (EU) 2021/696 shall be construed as references to Article 27(2) of this Regulation.

Article 31

Tasks and composition of the Security Accreditation Board

1. Article 38, with the exception of points (c) to (f) of paragraph 2 and point (b) of paragraph 3, and Article 39 of Regulation (EU) 2021/696 shall apply to this Programme.
2. In addition to paragraph 1 and on an exceptional basis, representatives of the contractor referred to in Article 15(2) of this Regulation may be invited to attend the meetings of the Security Accreditation Board as observers for matters directly relating to that contractor.

Article 32

Voting rules of the Security Accreditation Board

Article 40 of Regulation (EU) 2021/696 shall apply with regard to the voting rules of the Security Accreditation Board.

Article 33

Communication and impact of decisions of the Security Accreditation Board

1. Article 41(1) to (4) of Regulation (EU) 2021/696 shall apply to the decisions of the Security Accreditation Board. For the purposes of this Regulation, the term ‘component’ in Article 41 of Regulation (EU) 2021/696 shall be read as ‘governmental infrastructure’.
2. The timetable for the work of the Security Accreditation Board shall not hamper the timetable of activities provided in the work programme referred to in Article 37(1).

Article 34

Role of the Member States in security accreditation

Article 42 of Regulation (EU) 2021/696 shall apply to this Programme.

Article 35

Protection of classified information

1. Article 43 of Regulation (EU) 2021/696 shall apply to classified information related to the Programme.
2. Classified information generated by ESA in relation with the tasks entrusted under Article 25(1) and (2) shall be considered as EU Classified Information in accordance with Commission Decision (EU, Euratom) 2015/444⁴⁵ and Council Decision 2013/488/EU⁴⁶, created under the authority of the Commission.

Chapter VII

International relations

Article 36

Participation of third countries and international organisations in the Programme

1. In accordance with the conditions laid down in a specific agreement concluded in accordance with Article 218 TFEU covering the participation of a third country to any Union programme, the Programme shall be open to the participation of members

⁴⁵ Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information (OJ L 72, 17.3.2015, p. 53).

⁴⁶ Council Decision of 23 September 2013 on the security rules for protecting EU classified information, (OJ L 274, 15.10.2013, p. 1).

of the European Free Trade Association (EFTA) which are members of the European Economic Area (EEA), as well as of the following third countries:

- (a) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions or in similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;
 - (b) European Neighbourhood Policy countries, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and Association Council decisions or in similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;
 - (c) third countries, other than those third countries covered in points (a) and (b).
2. The Programme shall be open to the participation of international organisations in accordance with agreements concluded in accordance with Article 218 TFEU.
3. The specific agreement referred to in paragraphs 1 and 2 shall:
- (a) ensure a fair balance as regards the contributions and benefits of the third country or international organisation participating in the Union programmes;
 - (b) lay down the conditions of participation in the programmes, including the calculation of financial contributions to individual programmes, and their administrative costs;
 - (c) not confer on the third country or international organisation any decision-making power in respect of the Union programme;
 - (d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests;
 - (e) be without prejudice to the obligations stemming from existing agreements entered into by the Union, in particular with reference to the right of use of frequencies.
4. Without prejudice to the conditions laid down in paragraphs 1, 2 and 3, and in the interest of security, the Commission may, by means of implementing acts, establish additional requirements for the participation of third countries and international organisations in the Programme, to the extent compatible with the existing agreements referred to in paragraph 1 and 2. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2).

Article 37

Access to the governmental services by third countries and international organisations

Third countries and international organisations may have access to the governmental services provided that:

- (a) they conclude an agreement, in accordance with Article 218 TFEU, laying down the terms and conditions for access to governmental services;
- (b) they comply with Article 43(1) of Regulation (EU) 2021/696.

For the purposes of this Regulation, the references to ‘the Programme’ in Article 43(1) of Regulation (EU) 2021/696 shall be construed as references to ‘the Programme’ established by this Regulation.

Chapter VIII

Programming, monitoring, evaluation and control

Article 38

Programming, monitoring and reporting

1. The Programme shall be implemented by the work programme referred to in Article 110 of the Financial Regulation. The work programme shall set out the actions and associated budget required to meet the objectives of the Programme and, where applicable, the overall amount reserved for blending operations. The work programme shall complement the work programme for GOVSATCOM component of the Union Space Programme referred to in Article 100 of Regulation (EU) 2021/696.

The Commission shall adopt the work programme by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 42(2).

2. Indicators to report on progress of the Programme towards the achievement of the general and specific objectives laid down in Article 3 are set out in the Annex.
3. The Commission is empowered to adopt delegated acts, in accordance with Article 43, to amend the Annex with regard to the indicators where considered necessary as well as to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework.
4. Where imperative grounds of urgency so require, the procedure provided for in Article 44 shall apply to delegated acts adopted pursuant to this Article.
5. The performance reporting system shall ensure that data for monitoring the implementation and the results of the Programme are collected efficiently, effectively, and in a timely manner.

To that end, proportionate reporting requirements shall be imposed on recipients of Union funds and, where appropriate, on Member States.

6. For the purposes of paragraph 2, the recipients of Union funds shall provide appropriate information. The data necessary for the verification of the performance shall be collected in an efficient, effective and timely manner.

Article 39

Evaluation

1. The Commission shall carry out evaluations of the Programme in a timely manner to feed into the decision-making process.
2. By [DATE 3 YEARS AFTER THE ENTRY INTO FORCE], and every four years thereafter, the Commission shall evaluate the implementation of the Programme. It shall assess:

- (a) the performance of the services provided under the Programme;
- (b) the evolution of needs of the users of the Programme.

If appropriate, the evaluation shall be accompanied by an appropriate proposal.

3. The evaluation of the Programme shall take into consideration the results of the evaluation of the GOVSATCOM component of the Union Space Programme, carried out in accordance with Article 102 of Regulation (EU) 2021/696.
4. The Commission shall communicate the conclusions of the evaluations accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.
5. The entities involved in the implementation of this Regulation shall provide the Commission with the data and information necessary for the evaluation referred to in paragraph 1.
6. Two years after the full operational capability, and every two years thereafter, the Agency shall issue a market report, in consultation with relevant stakeholders, on the impact of the Programme on the EU commercial satellite industry with a view to ensuring the minimum possible impact on competition and the maintenance of incentives to innovate.

Article 40

Audits

Audits on the use of the Union contribution carried out by persons or entities, including by others than those mandated by the Union institutions or bodies, shall form the basis of the overall assurance pursuant to Article 127 of the Financial Regulation.

Article 41

Personal data and privacy protection

All personal data handled in the context of the tasks and activities provided for in this Regulation, including by the Agency, shall be processed in accordance with the applicable law on personal data protection, in particular Regulation (EU) 2016/679 of the European Parliament and of the Council⁴⁷ and Regulation (EU) 2018/1725 of the European Parliament and of the Council⁴⁸.

⁴⁷ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (OJ L 119, 4.5.2016, p. 1).

⁴⁸ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

Chapter IX

Delegation and implementing measures

Article 42

Committee procedure

1. The Commission shall be assisted by the Programme committee established by Article 107 of Regulation (EU) 2021/696, in the GOVSATCOM configuration. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

For the purposes of the adoption of implementing acts referred to in Articles 5(3) and 27(2) of this Regulation, the committee referred to in the first subparagraph of this paragraph shall meet in the security configuration defined in Article 107(1), point (e), of Regulation (EU) 2021/696.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.
3. Where the Programme committee delivers no opinion on the draft implementing act referred to in Article 27(2) of this Regulation, the Commission shall not adopt the draft implementing act and Article 5(4), third subparagraph of Regulation (EU) No 182/2011 shall apply.

Article 43

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 38 shall be conferred on the Commission until 31 December 2028.
3. The delegation of power referred to in Article 38 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated act already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 38 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 44

Urgency procedure

1. Delegated acts adopted under this Article shall enter into force without delay and shall apply as long as no objection is expressed in accordance with paragraph 2. The notification of a delegated act to the European Parliament and to the Council shall state the reasons for the use of the urgency procedure.
2. Either the European Parliament or the Council may object to a delegated act in accordance with the procedure referred to in Article 43(6). In such a case, the Commission shall repeal the act immediately following the notification of the decision to object by the European Parliament or by the Council.

Chapter X

Transitional and final provisions

Article 45

Information, communication and publicity

1. The recipients of Union funding shall acknowledge the origin of those funds and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to the Programme, to actions taken pursuant to the Programme and to the results obtained.
3. Financial resources allocated to the Programme shall also contribute to the corporate communication of the political priorities of the Union, insofar as those priorities are related to the objectives referred to in Article 3.

Article 46

Continuity of services after 2027

If necessary, appropriations may be entered in the Union budget beyond 2027 to cover the expenses necessary to fulfil the objectives provided for in Article 3, to enable the management of actions not completed by the end of the Programme, as well as expenses covering critical operational activities and services provision.

Article 47

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council establishing the Union Secure Connectivity Programme

1.2. Policy area(s) concerned

Union space policy

1.3. The proposal/initiative relates to:

☒ **a new action**

☐ **a new action following a pilot project/preparatory action⁴⁹**

☐ **the extension of an existing action**

☒ **a merger or redirection of one or more actions towards another/a new action**

1.4. Objective(s)

1.4.1. General objective(s)

The general objective of the Programme is to establish a secure and autonomous space-based connectivity system for the provision of guaranteed and resilient satellite communication services, in particular to:

(a) ensure the long-term availability of worldwide uninterrupted access to secure and cost-effective satellite communication services to governmental users, which supports protection of critical infrastructures, surveillance, external actions, crisis management and applications that are critical for the economy, environment, security and defence, thereby increasing the resilience of Member States, in accordance with Article 7(1);

(b) allow for the provision of commercial services by the private sector in accordance with Article 7(2).

1.4.2. Specific objective(s)

The specific objectives of the Programme are:

(a) improve the resilience of the Union communication services by developing, building and operating a multi-orbital connectivity infrastructure, continuously adapted to evolution of demand for satellite communications, while taking into account the existing and future assets of the Member States used in the frame of the GOVSATCOM component of the Union Space Programme established by Regulation (EU) 2021/696 ;

(b) contribute to cyber resilience by proactive and reactive defence against cyber and electromagnetic threats and operational cybersecurity, and integrate the space and related ground segment of the European Quantum Communication Infrastructure to enable secure transmission of cryptographic keys;

⁴⁹

As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

- (c) contribute to cyber resilience by proactive and reactive defence against cyber and electromagnetic threats and operational cybersecurity, and integrate the European Quantum Communication Infrastructure space infrastructure to enable secure transmission of cryptographic keys;
- (d) improve and expand the capabilities and services of other components of the Union Space Programme;
- (e) incentivise the development of innovative and disruptive technologies, in particular by leveraging the New Space industry; and
- (f) allow further development of high-speed broadband and seamless connectivity throughout the Union, removing communication dead zones and increasing cohesion across Member State territories, and allow connectivity over geographical areas of strategic interest outside of the Union.

1.4.3. *Expected result(s) and impact*

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

Member States governments and EU institutions should benefit from resilient, global, guaranteed and flexible satellite communication solutions covering their evolving needs.

The EU satellite communication industry would benefit from the long-term commitment and EU-level security accreditation. With the EU as a long-term anchor customer for governmental services, the satellite communication industry business case is strengthened and de-risked for them to have better access to finance and ultimately be more competitive.

European citizens would benefit directly and indirectly from the enhanced operational effectiveness of the various security actors.

1.4.4. *Indicators of performance*

Specify the indicators for monitoring progress and achievements.

Specific objective 1: Improve the resilience of the Union communication services by developing, building and operating a multi-orbital connectivity infrastructure, continuously adapted to evolution of demand for satellite communications, while taking into account the existing and future assets of the Member States used in the frame of the GOVSATCOM component of the Union Space Programme established by Regulation (EU) 2021/696.

Indicator 1: Member States governments and EU institutions can access initial set of governmental services in 2025, with full capacity in 2027

Indicator 2: Service availability

Indicator 3: Full integration of existing capacity from the Union pool via the integration of GOVSATCOM ground infrastructure

Indicator 4: Annual number of major outages of the telecommunication networks in the Member States mitigated by the secure connectivity system

Indicator 5: User's satisfaction with the performance of the secure connectivity system

Specific objective 2: Contribute to cyber resilience by proactive and reactive defence against cyber and electromagnetic threats and operational cybersecurity, and integrate the space and related ground segment of the European Quantum Communication Infrastructure to enable secure transmission of cryptographic keys.

Indicator 1: System obtains security accreditation allowing the services to transmit EU Classified Information (EUCI) up to a certain classification level and the national classified information of EU Member States of equivalent classification level, following the principles set in Council Decision (2013/488/EU) on the security rules for protecting EUCI

Indicator 2: Integration of EuroQCI space infrastructure based on the most suitable technical solution

Specific objective 3: Improve and expand the capabilities and services of other components of the Union Space Programme.

Indicator 1: Number of payloads serving other components of the Union Space Programme

Specific objective 4: Incentivise the deployment of innovative and disruptive technologies, in particular by leveraging the New Space industry.

Indicator 1: Number of start-up, SME and midcap companies participating in the development of the infrastructure

Specific objective 5: Allow further development of high-speed broadband and seamless connectivity throughout the Union, removing communication dead zones and increasing cohesion across Member State territories, and allow connectivity over geographical areas of strategic interest outside of the Union.

Indicator 1: Speed of the commercial satellite broadband

Indicator 2: Number of new commercial satellite communication potential users in EU rural areas and in geographical areas of strategic interest

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The tasks required to the implementation of the Programme will require:

- the conclusion of a concession contract or mixed contract with industry, selected in line with the procurement process in Title VII of the Financial Regulation;
- development and deployment of the system;
- exploitation of services with Member States governments and EU institutions being able to access the initial set of governmental services in 2025, with full capacity in 2027
- integration with the GOVSATCOM Hubs in 2025;
- system security accreditation in 2027 allowing the services to transmit EU Classified Information (EUCI) up to a certain classification level and the national

classified information of EU Member States of equivalent classification level, following the principles set in Council Decision (2013/488/EU) on the security rules for protecting EUCI;

- The necessary staffing in the European Commission in order to manage the programme and monitor effectively the work of the different agencies in particular the Agency

- The necessary staffing and budget of the Agency in order to properly implement the different actions that the Agency will be responsible for in relation to the programme.

- 1.5.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.*

The Programme will ensure guaranteed access to secure satellite communications. It will thus indirectly contribute to EU security interests. In Member States, it will support for example civil protection forces and national police, bodies with public security functions, border guard, as well as maritime communities. At EU level, it will facilitate the work of EU agencies, such as FRONTEX and EMSA, and enhance the effectiveness of civil protection and humanitarian interventions in the EU and globally.

The establishment of an EU-level governance that can leverage secure and edge satellite communication services for all national and EU security actors would contribute to a more effective and autonomous EU response to risks and threats, ranging from cyber-attacks and hybrid threats, and natural disasters to evolving secure governmental satellite communication use cases and increasing global needs.

There is no viable business case for the EU private space sector to develop the system without governmental commitment. The R&D investment will contribute to the EU industrial competitiveness.

- 1.5.3. *Lessons learned from similar experiences in the past*

Lessons learned from the management of the Union's space initiatives and programmes:

i) Public Private Partnership (PPP)

A PPP model of implementation had been contemplated at the inception of the Galileo programme.

ii) Governance

The governance set-up for other Union space initiatives has revealed that EUSPA is the best suited for the tasks related to the implementation of such initiatives whilst ESA is placed to support the development and validation phases.

- 1.5.4. *Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments*

The Programme shares similar objectives with other Union programmes, such as Horizon Europe established by Regulation (EU) 2021/695 of the European Parliament and of the Council, the Digital Europe Programme established by

Regulation (EU) 2021/694 of the European Parliament and of the Council, the Connecting Europe Facility established by Regulation (EU) 2021/1153 of the European Parliament and of the Council, and, in particular, the Union Space Programme established by Regulation (EU) 2021/696 of the European Parliament and of the Council.

Due to its implications on the security of the Union and its Member States, the Programme also shares objectives and principles with the European Defence Fund established by Regulation (EU) 2021/697 of the European Parliament.

Due to its worldwide coverage, the Programme also shares objectives and principles with the Neighbourhood, Development and International Cooperation Instrument – Global Europe established by Regulation (EU) 2021/947.

1.5.5. Assessment of the different available financing options, including scope for redeployment

The financing of the initiative from the Union budget is based on the contribution of the funds from the following existing Union programmes that share similar objectives with this initiative:

- Union Space Programme
- Digital Europe Programme
- Connecting Europe Facility
- European Defence Fund
- Neighbourhood, Development and International Cooperation Instrument – Emerging challenges and priorities cushion

Part of the financing is also secured via the funds available within the margins of Headings 1 and 5 of the Multiannual Financial Framework 2021-2027.

The Programme is also complemented by funding implemented under the Horizon Europe Programme, the Union Space Programme and the Neighbourhood, Development and International Cooperation Instrument.

1.6. Duration and financial impact of the proposal/initiative

☒ limited duration

- ☒ in effect from 01/01/2023 to 31/12/2027
- ☒ Financial impact from 2023 to 2027 for commitment appropriations and from 2023 to 2030 for payment appropriations.

☐ unlimited duration

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) planned⁵⁰

☒ Direct management by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ Shared management with the Member States

☒ Indirect management by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☒ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☒ bodies referred to in Articles 70 and 71 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

The different actors in the governance will have the following responsibilities:

(i) The Commission shall have overall responsibility for the implementation of the Programme, including in the field of security, without prejudice to Member States' prerogatives in the area of national security.

⁵⁰

Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

(ii) The European Union Agency for the Space Programme (located in Prague) will be responsible for

- the operation of the governmental infrastructure of the Programme;
- the operational security of the governmental infrastructure, including risk and threat analysis, security monitoring;
- provision of governmental services;
- management of the concession or mixed contract
- overarching coordination of user-related aspects of the governmental services in close collaboration with Member States, relevant Union agencies, EEAS and other entities;
- undertaking activities related to user uptake of services offered by the Programme

(iii) Subject to adaptations to its internal decision making process allowing for the protection of EU interests, the European Space Agency (ESA) would be entrusted with:

- the development and validation activities within the frame of implementation contracts;
- the provision of technical expertise to the Commission, including for the preparation of the technical aspects of the programme;
- the evaluation of the implementation contracts.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The monitoring of the initiative should cover the following aspects:

- **Implementation:** Infrastructure deployment according to the contractual arrangements. Operational objectives will be set for each phase of the PPP's infrastructure deployment, with associated Key Performance Indicators (KPI's) that should also be reflected in the contractual arrangements. The KPI's will be defined on the basis of operational and security requirements, and will be monitored by the Commission. Implementing acts will further define the requirements for the service portfolio, provision of governmental services, the general security requirements and the work programme.
- **Application:** Performance of the services provided under the initiative and evolution of needs of the users of the initiative. Concretely measured through the indicators below:
 - Global coverage
 - Service availability
 - Latency
 - Number of users
 - Volume of data used (i.e. system is used and capacity is sized properly)

The indicators will be measured annually.

2.2. Management and control system(s)

2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The Commission would have overall responsibility for the implementation of the Programme, including in the field of security, without prejudice to Member States' prerogatives in the area of national security.

ESA and EUSPA would be entrusted by the Commission to contribute to the sound implementation in terms of development and validation activities, and exploitation activities respectively. In addition, EUSPA would carry out the security accreditation of the governmental infrastructure and governmental services in accordance with Chapter II of Title V of Regulation (EU) 2021/696.

The payment modalities should remain similar to the modalities experienced in the previous MFF: the payment forecast is prepared by the agencies, checked by the Commission (in particular regarding the total delegated envelope) and payment is made on a regular basis in order to allow the entrusted entities to effectively manage the procurement and avoid any treasury issue. The Commission keeps the authority when approving a payment, in particular having the legal right to reduce it should the demand and associated forecast is considered excessive.

The control strategy that will be defined in the contribution agreements will be built around the experience acquired in the previous MFF, in particular the quarterly

process of reporting (that includes programmatic, financial and risk management reporting) and the different layers of boards (procurement board for instance) and meetings. The future control strategy will rely on the definition of all the risks the programme may face and will take into account their relative importance and potential impact on the programme. This control organisation proved to be effective for the main actions Galileo, EGNOS and Copernicus as stated in the respective mid-term evaluations.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Identified risks:

Technological Risk: the use of leading-edge technology which has yet to be validated and specifications of which are constantly evolving.

Industrial Risk: establishing and upgrading the infrastructures may involve many industrial players, in a number of countries, whose work has to be coordinated effectively in order to arrive at systems which are reliable and fully integrated particularly with regard to security.

Timetable Risk: any delay in implementation would jeopardise the window of opportunity and would be likely to generate cost over-runs.

Governance risk: governance of the Programme requires various bodies to work together, and an appropriate degree of stability and organisation has to be guaranteed. Moreover, differences of opinion between the various parties involved, and in particular between the Member States, have to be taken into account on several major issues. In this context the sharing of some risks, including financial and security-related risks, among those players who are best placed to cope with them, should be considered.

Financial risk: financial risk is linked to the insufficient funding from the Member States and from the private sector. This risk will be known in course of the procurement process, before incurring any expenditure related to implementation of the Programme.

Internal control:

The DG DEFIS general internal control system relies on the different reports provided by the entrusted entities on a quarterly basis. These reports are followed by dedicated reviews to ensure that the planning is respected and to solve any technical difficulty, these reviews include a follow-up of the risks associated to programme implementation. In addition, ex-post audits are performed by DG DEFIS to ensure sound financial management from entrusted entities.

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

The main budget of the Programme is managed by the Agency and ESA through contribution agreements. Based on past data, the overall control costs of all the entrusted entities by the Commission are estimated less than 1% of the related funds managed. The cost of implementing bodies would be estimated, based on the previous period, between 5 and 10%.

The expected levels of risk of error both at payment and at closure are limited, taking into account the mechanism of procurement: the Commission delegates the implementation of the procurements to either the Agency or the ESA under a multi annual financial framework and these agencies report on a quarterly basis on the actual and forecasted procurements, within the limits of the delegated amounts.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.

The contribution agreements resulting from this Regulation that will be concluded with third parties shall provide for supervision and financial control by the Commission or any representative authorised by it together with audits by the Court of Auditors or OLAF, at the discretion of the EU, if necessary on-the-spot.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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

- Existing budget lines (see table under section 3.2)

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ⁵¹	from EFTA countries ⁵²	from candidate countries ⁵³	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1	04.0301	Diff	NO	NO	NO	NO
5	13.05	Diff	NO	NO	NO	NO
6	14.07	Diff	NO	NO	NO	NO

⁵¹ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

⁵² EFTA: European Free Trade Association.

⁵³ Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Sources of financing for the Union Secure Connectivity

3.2.1. Earmarking under existing programmes

Space Programme	2021	2022	2023	2024	2025	2026	2027	Total
04.0101.03 Support space programme	0.900	0.550	0.300	0.300	0.300	0.300	0.450	3.100
04.0201 Galileo/Egnos	1.325							1.325
04.0203 Govsatcom/SSA	18.448	24.641	39.472	41.826	40.435	26.708	26.132	217.662
Total Space	20.673	25.191	39.772	42.126	40.735	27.008	26.582	222.087

Horizon Europe - Cluster 'Digital. Industry and Space'			86.000	86.000	86.000	86.000	86.000	430.000
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NDICI — Global Europe'					50.000	50.000	50.000	150.000
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Total earmarking	20.673	25.191	125.772	128.126	176.735	163.008	162.582	802.087
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3.2.2. Source of financing of appropriations under the new Union Secure Connectivity Programme

Contribution from Space Programme	2021	2022	2023	2024	2025	2026	2027	Total
Support			0.250	0.200	0.200	0.200	0.050	0.900

Galileo/EGNOS								
Galileo/EGNOS					80.000	80.000	97.013	257.013
Total Galileo/EGNOS			0.250	0.200	80.200	80.200	97.063	257.913

Contribution from CEF	2021	2022	2023	2024	2025	2026	2027	Total
Digital Strand				50.000	50.000	50.000	50.000	200.000

Contribution from DEP	2021	2022	2023	2024	2025	2026	2027	Total
DEP ⁵⁴			88.000	88.000	88.000	88.000	88.000	440.000

Contribution from European Defence Fund	2021	2022	2023	2024	2025	2026	2027	Total
Capability development				51.000	61.000	71.000	85.000	268.000
Defence research				25.000	30.000	35.000	42.000	132.000
Total EDF				76.000	91.000	106.000	127.000	400.000

⁵⁴

Expected mostly from cyber security

Contribution from NDICI — Global Europe	2021	2022	2023	2024	2025	2026	2027	Total
Emerging challenges and priorities cushion					50.000	50.000	50.000	150.000

Use of the margins	2021	2022	2023	2024	2025	2026	2027	Total
Heading 1			20.000	10.000	10.000	5.000	5.000	50.000
Heading 5			30.000	20.000	20.000	15.000	15.000	100.000
Total Margins			50.000	30.000	30.000	20.000	20.000	150.000

SUMMARY OF THE CONTRIBUTION FROM PROGRAMMES AND MARGINS

Contribution from programmes and margins	2021	2022	2023	2024	2025	2026	2027	Total
Space			0.250	0.200	80.200	80.200	97.063	257.913
CEF				50.000	50.000	50.000	50.000	200.000
DEP			88.000	88.000	88.000	88.000	88.000	440.000
Margin heading 1			20.000	10.000	10.000	5.000	5.000	50.000
Sub-total heading 1			108.250	148.200	228.200	223.200	240.063	947.913
EDF				76.000	91.000	106.000	127.000	400.000
Margin heading 5			30.000	20.000	20.000	15.000	15.000	100.000
Sub-total heading 5			30.000	96.000	111.000	121.000	142.000	500.000

NDICI					50.000	50.000	50.000	150.000
Sub-total heading 6					50.000	50.000	50.000	150.000
Grand Total Union Secure Connectivity			138.250	244.200	389.200	394.200	432.063	1.597.913

3.2.3. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☒ The proposal/initiative requires the use of operational appropriations. as explained below:

EUR million (to three decimal places)

Heading of multiannual financial framework	01	Single Market. Innovation & Digital – Cluster 4 Space
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			2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
04.0301 Operational appropriations secure connectivity ⁵⁵	Commitments	(1)		0	108.000	148.000	228.000	223.200	240.013		947.013

⁵⁵

The following budget will be codelegated to DG CNECT:

- € 390 million (contribution from DEP) for realising the EuroQCI terrestrial segment.
- € 50 million (contribution from DEP) will be used for the development of the secure on-board architecture of Secured connectivity with QKD being part of it, incl. the links to the space data relay system.
- € 90 million (contribution from CEF) to be spent on the terrestrial part of EuroQCI

	Payments	(2)			100.000	100.000	200.000	200.000	200.000	147.013	947.013
04.0101.03 – Support expenditure	Commitments = Payments	(3)			0.250	0.200	0.200	0.200	0.050		0.900
TOTAL appropriations for the envelop of the programme under heading 1	Commitments	= ₁ + ₃			108.250	148.200	228.200	223.200	240.063		947.913
	Payments	= ₂ + ₃			100.250	100.200	200.200	200.200	200.050	147.013	947.913

04 0301 Contribution from secure connectivity budget to EUSPA budget	Commitments	(4)			-1.950	-2.850	-3.850	-5.500	-5.850		-20.000
	Payments	(5)			-1.950	-2.850	-3.850	-5.500	-5.850		-20.000

					2022	2023	2024	2025	2026	2027	Total
TOTAL appropriations for the envelop of the	Commitments	= ₁₊₃ + ₄			106.300	145.350	224.350	217.700	234.213		927.913

-
- € 110 million (contribution from CEF) to cover the procurement of the EuroQCI satellite infrastructure segment

programme	Payments	=2+3 +5			98.300	97.350	196.350	194.700	194.200	147.013	927.913
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TOTAL appropriations under heading 1	Commitments	=1+3			108.250	148.200	228.200	223.200	240.063		947.913
	Payments	=2+3			100.250	100.200	200.200	200.200	200.050	147.013	947.913

Heading of multiannual financial framework	05	Security and Defence – Cluster 13 Defence
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			2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
13.0501 Operational appropriations Secure connectivity	Commitments	(1)			30.000	96.000	111.000	121.000	142.000		500.000
	Payments	(2)			30.000	50.000	100.000	100.000	100.000	120.000	500.000
TOTAL appropriations for the envelop of the programme under heading 5	Commitments	=1			30.000	96.000	111.000	121.000	142.000		500.000
	Payments	=2			30.000	50.000	100.000	100.000	100.000	120.000	500.000

Heading of multiannual financial framework	06	NEIGHBOURHOOD AND THE WORLD – Cluster 14 External Action
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			2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
14.07 Operational appropriations Secure connectivity	Commitments	(1)					50.000	50.000	50.000		150.000
	Payments	(2)					40.000	40.000	40.000	30.000	150.000
TOTAL appropriations for the envelop of the programme under heading 6	Commitments	=1					50.000	50.000	50.000		150.000
	Payments	=2					40.000	40.000	40.000	30.000	150.000

TOTAL operational appropriations (all operational headings, including EUSPA transfer budget)	Commitments	(4)			138.000	244.000	389.000	394.000	432.013		1 597.013
	Payments	(5)			130.000	150.000	340.000	340.000	340.000	297.013	1 597.013
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)	Commitments = Payments	(6)			0.250	0.200	0.200	0.200	0.050		0.900
TOTAL appropriations under HEADINGS 1 to 6 of the multiannual financial framework	Commitments	=4+6			138.250	244.200	389.200	394.200	432.063		1 597.913
	Payments	=5+6			130.250	150.200	340.200	340.200	340.050	297.013	1 597.913

Heading of multiannual financial framework	7	‘Administrative expenditure’
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This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the Annex to the Legislative Financial Statement (Annex V to the internal rules). which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
Human resources			2.334	2.334	2.334	2.334	1.690	1.448		12.474
Other administrative expenditure			0.343	0.343	0.343	0.343	0.343	0.343		2.058
TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)		2.667	2.667	2.667	2.667	2.033	1.791		14.532

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
TOTAL	Commitments		2.677	140.927	246.877	391.877	396.23341	433.854		1 612.445

appropriations across HEADINGS of the multiannual financial framework	Payments		2.677	132.927	152.877	342.877	342.23333	341.841	297.013	1 612.445
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For information, in addition to the Space Programme and the Union secure connectivity programme, the MFF package includes a separate envelope for the EU contribution to the Agency represented by the budget line 04.1001 initially amounting to € 504 million. There is an additional contribution of € 20 million to finance the additional staff for EUSPA (30 posts in 2027).

EUR million (to three decimal places)		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
Operational appropriations 04.10 01 EU Contribution to the Agency	Commitments	56.175	68.345	72.812	75.770	76.059	77.577	77.777		504.515
	Payments	56.175	68.345	72.812	75.770	76.059	77.577	77.777		504.515
Contribution from secure connectivity budget to EUSPA budget	Commitments			1.950	2.850	3.850	5.500	5.850		20.000
	Payments			1.950	2.850	3.850	5.500	5.850		20.000
TOTAL EUSPA	Commitments	56.175	68.345	74.762	78.620	79.909	83.077	83.627		524.515
	Payments	56.175	68.345	74.762	78.620	79.909	83.077	83.627		524.515

The additional budget for EUSPA is broken down as follows :

EUR million (to three decimal places)		EUR million (to three decimal places)								
		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
Title 1 – salaries	Commitments			1.225	1.825	2.450	3.700	3.950		13.150
	Payments			1.225	1.825	2.450	3.700	3.950		13.150
Title 2 – other admin expenditure	Commitments			0.450	0.750	1.000	1.400	1.400		5.000
	Payments			0.450	0.750	1.000	1.400	1.400		5.000
Title 3 – operational expenditure	Commitments			0.275	0.275	0.400	0.400	0.500		1.850
	Payments			0.275	0.275	0.400	0.400	0.500		1.850
TOTAL additional budget EUSPA	Commitments			1.950	2.850	3.850	5.500	5.800		20.000
	Payments			1.950	2.850	3.850	5.500	5.800		20.000

EUSPA Staff required 2021-2027 (in number of staff):

<u>Initial staff EUSPA. according to the space regulation</u>	2021	2022	2023	2024	2025	2026	2027
Temporary agents AD	189	229	249	249	249	249	249
Temporary agents AST	2	2	2	2	2	2	2
CAs	34	34	34	34	34	34	34
SNEs	13	14	14	14	16	16	16
TOTAL	238	279	299	299	301	301	301

<u>Additional Staff requested for EUSPA</u>	2021	2022	2023	2024	2025	2026	2027
Temporary agents AD	0	0	5	8	10	15	15
Temporary agents AST	0	0	0	0	0	0	0

CAs	0	0	4	5	7	10	12
SNEs	0	0	1	1	2	3	3
TOTAL	0	0	10	14	19	28	30

TOTAL EUSPA staff	2021	2022	2023	2024	2025	2026	2027
Temporary agents AD	189	229	254	257	259	264	264
Temporary agents AST	2	2	2	2	2	2	2
CAs	34	34	38	39	41	44	46
SNEs	13	14	15	15	18	19	19
TOTAL	238	279	309	313	320	329	331

The 30 additional posts for EUSPA are related to the operation of the governmental infrastructure and provision of the governmental services, including management of the related contracts, as well as security accreditation of the governmental infrastructure and services, and overarching coordination of user-related aspects of the governmental services.

3.2.4. Summary of estimated impact on administrative appropriations

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

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
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HEADING 7 of the multiannual financial framework								
Human resources		2.334	2.334	2.334	2.334	1.690	1.448	12.474
Other administrative expenditure		0.343	0.343	0.343	0.343	0.343	0.343	2.058
Subtotal HEADING 7 of the multiannual financial framework		2.677	2.677	2.677	2.677	2.033	1.791	14.532

Outside HEADING 7 of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature (former BA lines)			0.250	0.200	0.200	0.200	0.050	0.900
Subtotal outside HEADING 7 of the multiannual financial framework			0.250	0.200	0.200	0.200	0.050	0.900

TOTAL		2.677	2.927	2.877	2.877	2.233	1.841	15.432
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4.1. Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources. as explained below:

Estimate to be expressed in full time equivalent units

Years	2021	2022	2023	2024	2025	2026	2027	
• Establishment plan posts (officials and temporary staff) <u>for DG DEFIS</u>								
Headquarters and Commission’s Representation Offices		11	11	11	11	8	7	
Delegations								
Research								
• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED <u>for DG DEFIS</u>								
Heading 7								
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters		7	7	7	7	5	4
	- in Delegations							
Financed from the envelope of the programme	- at Headquarters							
	- in Delegations							
Research								
Other (specify)								
TOTAL		18	18	18	18	13	11	

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG. together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	11 FTEs to start the activities. reduced to 7 in 2027 to ensure the management of the PPP and the operational. financial and legal monitoring of the activities.
External staff	7 FTEs to start the activities (3 AC and 4 SNEs). reduced to 4 in 2027 (1 AC and 3 SNEs) to ensure the management of the PPP and the operational monitoring of the activities.

3.2.5. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).

Heading 1, 5 and 6. See details in section 3.2.

- ☒ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.

Margins of Heading 1 and 5. See details in section 3.2

- ☐ requires a revision of the MFF.

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

3.2.6. *Third-party contributions*

The proposal/initiative:

- ☐ does not provide for co-financing by third parties
- ☒ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	2023	2024	2025	2026	2027	Total
ESA and/or Member States	TBC	TBC	TBC	TBC	TBC	TBC
TOTAL appropriations co-financed						

ESA and/or Member States will confirm their participation to such activity later

3.3. Estimated impact on revenue

- ☒ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
 - ☐ on own resources
 - ☐ on other revenue
 - please indicate, if the revenue is assigned to expenditure lines ☐

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ⁵⁶						
		Year N	Year N+1	Year N+2	Year N+3	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article								

For assigned revenue, specify the budget expenditure line(s) affected.

[...]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[...]

⁵⁶ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.