



Brussels, 16.11.2016
COM(2016) 731 final

ANNEX 1

ANNEX

Legislative financial statement

to the

**Proposal for a Regulation of the European Parliament and the Council
establishing a European Travel Information and Authorisation System (ETIAS) and
amending Regulations, (EU) No 515/2014, (EU) 2016/399, (EU) 2016/794 and (EU)
2016/1624**

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

1.2. Proposal for a Regulation of the European Parliament and of the Council establishing a European Travel Information and Authorisation System (ETIAS).

1.3. Policy area(s) concerned in the ABM/ABB structure¹

Policy area: Area of Home Affairs (title 18)

[...]

1.4. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action²**

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

1.5. Objective(s)

1.5.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

- Border management – saving lives and securing external borders

ETIAS will be an automated system created to identify any risks associated with a visa-exempt visitor travelling to the Schengen Area. ETIAS will gather information on these travellers prior to the start of their travel, to allow for advance processing. For the travellers, this will give them confidence that they would be able to cross the borders smoothly.

- Better information exchange

Common high standards of border management, in full respect of the rule of law and of fundamental rights, are essential to preventing serious crime and terrorism.

The proposal is part of the continuous development of the Integrated Border Management Strategy of the European Union.

1.5.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objectives

ETIAS will:

¹ ABM: activity-based management; ABB: activity-based budgeting.

² As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

- contribute to a high level of security by providing for a thorough security risk assessment of applicants, prior to their arrival at the external borders crossing points, in order to determine whether there are factual indications or reasonable grounds to conclude that the presence of the person on the territory of the Member States poses a security risk;
- contribute to the prevention of irregular migration by providing for an irregular migration risk assessment of applicants prior to their arrival at the external borders crossing points;
- contribute to the protection of public health by providing for a public health risk assessment of applicants prior to their arrival at the external borders crossing points;
- enhance the effectiveness of border checks;
- support the objectives of the Schengen Information System (SIS) related to the alerts in respect of persons wanted for arrest or for surrender or extradition purposes, on missing persons, on persons sought to assist with a judicial procedure and on persons for discreet checks or specific checks;
- contribute to the prevention, detection and investigation of terrorist offences or of other serious criminal offences

ABM/ABB activity(ies) concerned

Chapter Security and Safeguarding Liberties: Internal Security

1.5.3. *Expected result(s) and impact*

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

The general policy objectives are:

- (1) Strengthening integrated border management and enhancing internal security,
- (2) To contribute to travel facilitation,

The key function of ETIAS would consist in checking the information submitted by visa-exempt third country nationals, via an online application ahead of their arrival at EU external borders, if they pose certain risks for irregular migration, security or public health. This would be done by automatically processing each application against other EU information systems, a dedicated ETIAS watchlist and screening rules. This examination would allow to determine that there are no factual indications or reasonable grounds to prevent a travel authorisation being issued.

By requiring a valid travel authorisation for all visa-exempt third country nationals, the EU will ensure that all visitors are checked prior to arrival.

Accordingly, ETIAS will reinforce EU internal security in two ways: first, through the identification of persons that pose a security risk before they arrive at the Schengen external border; and second, by making information available to national law enforcement authorities and Europol, where this is necessary.

Today, around 1,4 billion people from around 60 countries worldwide can benefit from visa-free travel to the European Union. The number of visa-exempt third country nationals visiting the Schengen countries will continue to grow, with an expected increase from 30 million in 2014 to 39 million in 2020.

These figures demonstrate the need to put in place a system that is able to assess and manage the potential irregular migration and security risks represented by third country nationals visiting the EU, in line with the objectives of the EU's visa liberalisation policy.

ETIAS is therefore necessary also in order to facilitate the crossing of the Schengen external border by visa-exempt third country nationals. An ETIAS authorisation would be obtained through an application process, which would be simple, cheap, fast and would in the vast majority of cases not require further verification steps. Once the applicants receive the travel authorisation, they would have a reliable early indication of admissibility into the Schengen area. This is a significant improvement for travellers compared to the current state of play.

Even if the final decision on allowing entry into the Schengen Area will still rest with the border guards at the external border in line with the Schengen Border Code, ETIAS will substantially reduce the number of cases of refusals of entry at the border crossing points. Border guards will be able to see if the person before them has obtained a travel authorisation or not before arriving at the border. Persons having been denied authorisation will not waste time and money to travel to the Schengen area. ETIAS in this way will also reduce the costs for carriers to return passengers from sea and air borders.

Specific policy objectives:

The main specific policy objectives of ETIAS are to:

- (1) Enhance the effectiveness of border checks by introducing a prior travel authorisation requirement for visa exempt travellers;
- (2) Ensure a coordinated and homogeneous assessment of visa-exempt third country nationals by consulting the relevant Member States where necessary;
- (3) Reduce the number of refusals of entry at the external borders and thereby reducing the workload of border guards for handling these cases.
- (4) Contribute to the prevention, detection and investigation of terrorist offences and other serious criminal offences.

1.5.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

During the development

After the approval of the draft proposal and the adoption of the technical specifications the European Travel Information and Authorisation System (ETIAS) Information System (composed of a Central System, a National Uniform Interface (NUI) in each Member State, a secure Communication Infrastructure between the Central System and the National Uniform Interfaces, a public website and a mobile app for mobile devices, an email service, a secure account service, a carrier gateway, a web service and a software enabling the ETIAS Central Unit and the ETIAS National Units to process the applications) will be developed by eu-LISA.

eu-LISA will also coordinate the integration of the NUI carried out by Member States at national level. A detailed overall governance is defined for the development phase as well as reporting requirements to the European Parliament, the Council and the Commission.

For the development of the ETIAS Information System, eu-LISA will re-use as much as technically possible the hardware and software components of the EES. Where technically possible, the ETIAS Information System will share the hardware and software components of the EES. In particular, the ETIAS National Uniform Interface (NUI) shall be developed as new functionalities of the EES NUI.

The European Border and Coast Guard Agency will set up the ETIAS Central Unit that will manage the ETIAS application files and the data stored in ETIAS. The ETIAS Central Unit will be responsible for verifying whether the data recorded in the application file corresponds to the data present in the record, file or alert registered in an information system or in the pre-determined sets of data of the screening rules. Where the data correspond, or where doubts remain concerning the identity of the applicant, the application will be transferred for assessment to the ETIAS National Unit of the Member State of intended entry. Consequently, each Member State will have to set up an ETIAS National Unit that will manage the ETIAS application files transferred to them.

Specific Objective: Ready for operations by 2021.

Indicator: In order to go live, eu-LISA has notified the successful completion of a comprehensive test of the ETIAS which shall be conducted by the Agency together with the Member States, the European Border and Coast Guard Agency has notified that the Central Unit has the capacity available for handling the expected volume of

applications and the Member States have notified the readiness of their National Units for handling the expected volume of applications.

Once the system is operational

eu-LISA shall ensure that systems are in place to monitor the functioning of the European Travel Information and Authorisation System (ETIAS) Information System against objectives. Two years after the system starts operations and every two years thereafter, eu-LISA should submit to the European Parliament, the Council and the Commission a report on the technical functioning of the system including the security thereof.

The ETIAS Central Unit shall ensure that the data stored in the applications files and in the ETIAS Central System is correct and up to date, manage the specific risk indicators and the ETIAS Watchlist and audit regularly the application processing.

Moreover, three years after the ETIAS starts operations and every four years thereafter, the Commission should produce an overall evaluation of the system. This overall evaluation shall include an examination of results achieved against objectives and the impact on fundamental rights and an assessment of the continuing validity of the underlying rationale, the application of the Regulation, the security of the ETIAS and any implications on future operations, and shall make any necessary recommendations. The Commission shall transmit the evaluation report to the European Parliament and the Council.

Specific Objective: enhance the effectiveness of border checks by introducing a prior travel authorisation requirement for visa exempt travellers;

Indicator:

The proportion of applications that were not accepted by the automated processing and were handled by the Central Unit and/or the National Units and are neither corrections of factual mistakes or disambiguation (= resolving the confusion of a person with a homonym who is recorded in one of the databases consulted by ETIAS).

The proportion of granted travel authorisations that were revoked on the basis of updated information in the databases accessed by ETIAS.

The proportion of granted travel authorisation that have been followed by a refusal of entry at border crossing point.

Specific Objective: Ensure a coordinated and homogeneous assessment of visa-exempt third-country nationals by consulting the relevant Member States where necessary.

Indicator:

The proportion of applications that were not accepted by the automated processing and which were assessed by Member States National Units compared with the target values set on the basis of current practice.

Specific Objective: Reduce the number of refusals of entry at the external borders

Indicator:

Number of applications refused by ETIAS as compared to the current number of refusal of entry at border crossing points.

Number of travellers having received a travel authorisation and being refuse entering at border crossing point.

1.6. Grounds for the proposal/initiative

1.6.1. Requirement(s) to be met in the short or long term

(1) To safeguard and complement the EU visa liberalisation policy. When travellers are visa-required an important amount of information is available in advance of their arrival in the Schengen area and remains recorded in VIS for five years after the visa-expiry date. Once travellers of a given country become visa-exempt no information becomes available prior to the border crossing. This "information gap" on visa-exempt travellers needs to be reduced as visa exemption assumes an average low immigration risk but which can be very different according to each individual and does not necessarily stand for a low security risk. Therefore it is necessary to strengthen the EU's capability to assess individually the potential immigration and security risk represented by each visa-exempt traveller.

(2) To maintain and strengthen the quality of Schengen border management, notably at land borders. To cater for the necessary security, migration and public health risk assessment, ETIAS will introduce an additional layer of systematic control compared to today, by allowing for early checks against relevant databases, before travellers arrive at the external borders.

(3) To increase travel convenience. ETIAS will substantially reduce the number of cases of refusals of entry. Persons having been denied authorisation will not waste time and money for traveling to external Schengen border crossing points. ETIAS will also reduce the costs of return for carriers at sea and air borders.

(4) The fight against international criminality, terrorism and other security threats is reinforced.

1.6.2. Added value of EU involvement

The European Agenda on Migration identifies "border management" as one of the "four pillars to manage migration better". Securing external borders and managing them more efficiently implies making better use of the opportunities offered by IT systems and technologies. The use of the three existing EU large-scale IT systems (SIS, VIS and Eurodac) brings benefits to border management. The Entry Exit System (EES), once implemented, will increase the efficiency of border crossings. However, the only information on visa-exempt persons comes from their travel document. For travellers arriving by air or sea this may be supplemented prior to arrival by API data. Under the proposed PNR directive, their PNR data will also be collected if they arrive in the EU by air. For persons entering the EU through land borders, no information is available prior to their arrival at the EU's external border.

This gap is closed with the European Travel Information and Authorisation System which will gather information on visa exempt travellers prior to their arrival at the borders and thereby ease the burden of the border control resources and automate certain tasks and activities related to border controls. This automation will ensure a

homogeneous and systematic control of the authorised period of stay of third country nationals. Travellers will be asked to insert a set of data in an online application form prior to the date of their trip. After a screening based on a set of risk criteria (e.g. migratory and security-related), they will be notified of the approval or refusal of their travel authorisation. The majority of applications will be automatically granted within minutes and the decision electronically linked to the traveller's passport³. When travelling by plane or ship for instance, the carriers will verify, at the check-in counter, if the passenger holds a valid travel authorisation in order to grant, or not, the right to embark on the aircraft or the vessel. When arriving by land borders in a personal car or by bus or train, the border guards will check the validity of the travel authorisation.

The use of ETIAS in combination with new possibilities for using self-services systems and automatic or semi-automatic border control solutions will facilitate the work of border guards and help them absorbing the forecasted increase of border crossings. From the traveller's perspective this will result in a facilitation of border crossings, as the waiting time will be reduced and border checks will be faster.

Although Member States may retain their national systems in accordance with security-related national legislation, a European Travel Information and Authorisation System would allow Member State authorities to access data on visa exempt third-country nationals who crossed the EU external border.

1.6.3. *Lessons learned from similar experiences in the past*

The experience with the development of the second generation Schengen Information System (SIS II) and of the Visa Information System (VIS) showed the following lessons:

- 1) As a possible safeguard against cost overruns and delays resulting from changing requirements, any new information system in the area of freedom, security and justice, particularly if it involves a large-scale IT system, will not be developed before the underlying legal instruments setting out its purpose, scope, functions and technical details have been definitively adopted.
- 2) For SIS II and VIS, Member States national developments could be co-financed under the External Borders Fund (EBF) but this was not compulsory. Hence it was not possible to have an overview of the level of advancement in those MS who had not provided for the respective activities in their multi-annual programming or lacked precision in their programming. Therefore, it is now proposed that the Commission reimburse all the integration costs incurred by the MS, so as to be able to monitor the advancement of these developments.
- 3) With a view to facilitating the general coordination of the implementation, eu-LISA will develop not only the ETIAS Information System but also a common national uniform interface (NUI) to be used by all Member States to link their existing national border IT infrastructure and the National Units that will perform the risk assessment and decide on the cases referred to Member States by the Central Unit.

³ It is relevant to note here that holding an electronic passport is usually a pre-condition for entering in a visa-exempt scheme.

1.6.4. Compatibility and possible synergy with other appropriate instruments

This proposal should be seen as the implementation of the actions contained in the Communication of 6 April 2016 on '*Stronger and Smarter Information Systems for Borders and Security*'⁴ which highlights the need for the EU to strengthen and improve its IT systems, data architecture and information exchange in the area of border management, law enforcement and counter-terrorism

The Communication of 14 September 2016 '*Enhancing security in a world of mobility: improved information exchange in the fight against terrorism and stronger external borders*'⁵ confirms the priority of securing external borders and presents concrete initiatives to accelerate and broaden the EU response in continuing to strengthen the management of external borders. It announces that the Commission will give priority to the development of ETIAS, and will adopt a legislative proposal for the establishment of such a system by November 2016, a decision also highlighted by President Juncker in his State of the Union speech before the European Parliament of the same day⁶.

More operationally this proposal should also be seen as part of the continuous development of the Integrated Border Management Strategy of the European Union, as well as in conjunction with the ISF borders⁷, as part of the MFF, the establishing Regulation of eu-LISA⁸ and the European Border and Coast Guard Agency⁹. The legislative financial statement attached to the Commission proposal for eu-LISA¹⁰ covers the costs for the existing IT systems EURODAC, SIS II, VIS but not for the future border management systems that are not yet entrusted to the Agency via a legal framework. The European Travel Information and Authorisation System (ETIAS) will complement the VIS and the EES¹¹. The VIS contains only visa applications and issued visas, the EES will store concrete entry and exit data related to the issued visas whereas the ETIAS will contain information on visa exempt third-country nationals.

⁴ COM(2016) 205 final.

⁵ COM(2016) 602 final.

⁶ Speech available at: http://europa.eu/rapid/press-release_SPEECH-16-3043_en.htm

⁷ Regulation (EU) No 515/2014 of the European Parliament and of the Council of 16 April 2014 establishing, as part of the Internal Security Fund, the instrument for financial support for external borders and visa and repealing Decision No 574/2007/EC.

⁸ Regulation (EU) No 1077/2011 of the European Parliament and of the Council of 25 October 2011 establishing a European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice. Article 1.3 "The Agency may also be made responsible for the preparation, development and operational management of large-scale IT systems in the area of freedom, security and justice other than those referred to in paragraph 2, only if so provided by relevant legislative instruments...".

⁹ Regulation (EU) 2016/1624 of the European Parliament and of the Council of 14 September 2016 on the European Border and Coast Guard and amending Regulation (EU) 2016/399 of the European Parliament and of the Council and repealing Regulation (EC) No 863/2007 of the European Parliament and of the Council, Council Regulation (EC) No 2007/2004 and Council Decision 2005/267/EC.

¹⁰ COM(2010)93 of 19 March 2010.

¹¹ Council Decision 2008/633/JHA of 23 June 2008 concerning access for consultation of the Visa Information System (VIS) by designated authorities of Member States and by Europol for the purposes of the prevention, detection and investigation of terrorist offences and of other serious criminal offences and Regulation (EC) No 767/2008 of the European Parliament and of the Council of 9 July 2008 concerning the Visa Information System (VIS) and the exchange of data between Member States on short-stay visas (VIS Regulation).

The legislative financial statement attached to the Commission proposal for the European Border and Coast Guard Agency does also not cover the task of performing the actual risk assessment of applications of visa-exempt travellers as the European Border and Coast Guard Agency was originally not entrusted with decision making on specific travellers.

1.7. Duration and financial impact

- Proposal/initiative of **limited duration**
 - Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
 - Financial impact from YYYY to YYYY
- Proposal/initiative of **unlimited duration**
 - Preparatory period 2017,
 - Implementation with a start-up period from 2018 to 2020,
 - followed by full-scale operation in 2021.

1.8. Management mode(s) planned¹²

- 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 208 and 209 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 ISF borders Regulation is the financial instrument where the budget for the implementation of the smart borders package has been included.

It provides in Article 5 that 791 million EUR shall be implemented through a programme for setting up IT systems supporting the management of migration flows across the external border under the conditions laid down in Article 15. Out of these 791 million EUR, 480 million EUR are reserved for the development of the Entry Exit System. The remainder, 311 million EUR, will be partly used for ETIAS.

¹² 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>

Regarding the methods of implementation, the ISF Borders Regulation provides as follows:

Article 5(4) last paragraph provides that *‘The method(s) of implementation of the budget for the programme on the development of IT systems, based on existing and/or new IT systems shall be set out in the relevant Union legislative acts subject to their adoption’.*

Article 15 provides as follows: *‘The programme on the development of IT systems based on existing and/or new IT systems shall be implemented subject to adoption of the Union legislative acts defining those systems and their communication infrastructure with the aim in particular of improving the management and control of travel flows at the external borders by reinforcing checks while speeding up border crossings for regular travellers. Where appropriate, synergies with existing IT systems shall be sought in order to avoid double spending.*

The breakdown of the amount referred to in point b) of Article 5(5) shall be made either in the relevant Union legislative acts or following the adoption of those legislative acts through a delegated act in accordance with Article 17.’

The methods of implementation envisaged in the proposal are the following:

1) **Indirect management:** During the 2018-2020 period the development of the ETIAS Information System will be executed by eu-LISA. This will cover the development part of all IT strands of the project, i.e. a Central System, a National Uniform Interface (NUI) in each Member State, a secure Communication Infrastructure between the Central System and the National Uniform Interfaces, a public website and a mobile app for mobile devices, an email service, a secure account service, a carrier gateway, a web service and a software enabling the ETIAS Central Unit and the ETIAS National Units to process the applications. During the period of operations starting in 2021 eu-LISA will execute all technical activities linked to the maintenance of the ETIAS Information System.

As of 2018, it is envisaged to transfer a total amount of 100,8 Mio € from the ISF to the eu-LISA budget line to cover the activities taking place during the period of development.

In 2020, the European Border and Coast Guard Agency will set up the ETIAS Central Unit. This will cover the preparation of the office space, the procurement and installation of the IT equipment to be used by the staff and the recruitment and training of the Central Unit staff members. During the period of operations starting in 2021 the ETIAS Central Unit will execute the operational activities related to the ETIAS applications processing as described in article 7.

In 2020, it is envisaged to transfer a total amount of 12,3 Mio € from the ISF to the EBCG Agency budget line to cover the setting up of the ETIAS Central Unit.

2) **Shared management by DG HOME:** During the development phase (2018-2020) the Commission will spend a total amount of 92,3 mio € for the expenses related to the integration and to the operation of the Member States NUI. In 2020, Member States will set up their ETIAS National Units. An amount of 4,2 Mio € will be made available through the ISF national programmes for this purpose. This will cover the procurement and the installation of the IT equipment to be used by the staff and the recruitment and training of the Central Unit staff members. During the operations starting in 2021 Member States will ensure the necessary staff for these operations (24h/24h) and the ETIAS National Units will execute the operational activities related to the ETIAS applications processing as described in article 8. The amounts per Member States will be determined in an Annex to the regulation and implemented as most appropriate to best achieve the operational objectives.

The remaining budget of the Smart Borders line (311 Mio € initial allocation minus 209,9* Mio € ETIAS budget = 100,8 Mio €) will be used as defined in Article 5(5) b of Regulation (EU) No 515/2014 (ISF-B).

**Excluding the costs under heading 5*

Blocks	Development phase (2018-2020)	Operations phase (2021)	Management mode	Actor
Network	X	X	Indirect	Eu-LISA
Development and Maintenance Central System	X	X	Indirect	Eu-LISA
Operation Central System		X	Indirect	EBCGA
Development National Uniform interface (NUI)	X		Indirect	Eu-LISA
Integration NUI and related administration during development	X	X	Shared	COM
Maintenance National Systems	X	X	Shared	COM

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

The rules on development and technical management of the European Travel Information and Authorisation System (ETIAS) Information System are described in Chapter XIII (and in particular Articles 63 and 64) of the proposal. The rules on monitoring and evaluation are described in article 81:

1. eu-LISA shall ensure that procedures are in place to monitor the development of the ETIAS Information System in light of objectives relating to planning and costs and to monitor the functioning of the ETIAS in light of objectives relating to the technical output, cost-effectiveness, security and quality of service.

2. By six months after the entry into force of this Regulation and every six months thereafter during the development phase of the ETIAS Information System, eu-LISA shall submit a report to the European Parliament and the Council on the state of play of the development of the Central System, the Uniform Interfaces and the Communication Infrastructure between the Central System and the Uniform Interfaces. Once the development is finalised, a report shall be submitted to the European Parliament and the Council explaining in detail how the objectives, in particular relating to planning and costs, were achieved as well as justifying any divergences.

3. For the purposes of technical maintenance, eu-LISA shall have access to the necessary information relating to the data processing operations performed in the ETIAS Information System.

4. Two years after the start of operations of the ETIAS and every two years thereafter, eu-LISA shall submit to the European Parliament, the Council and the Commission a report on the technical functioning of ETIAS Information System, including the security thereof.

5. Three years after the start of operations of the ETIAS and every four years thereafter, the Commission shall produce an overall evaluation of the ETIAS and shall make any necessary recommendations. This overall evaluation shall include: the results achieved by the ETIAS having regard to its objectives, mandate and tasks; the impact, effectiveness and efficiency of the ETIAS performance and its working practices in relation to its objectives, mandate and tasks; the rules of the automated application processor used for the purpose of risk assessment; the possible need to modify the mandate of the ETIAS Central Unit; the financial implications of any such modification; the impact on fundamental rights.

The Commission shall transmit the evaluation report to the European Parliament and the Council.

6. The Member States and Europol shall provide eu-LISA, the ETIAS Central Unit and the Commission with the information necessary to draft the reports referred to in paragraphs 4 and 5 according to the quantitative indicators predefined by the Commission and/or eu-LISA. This information shall not jeopardise working methods or include information that reveals sources, staff members or investigations of the designated authorities.

7. eu-LISA and the ETIAS Central Unit shall provide the Commission with the information necessary to produce the overall evaluations referred to in paragraph 5.

8. While respecting the provisions of national law on the publication of sensitive information, each Member State and Europol shall prepare annual reports on the effectiveness of access to ETIAS Information System data for law enforcement purposes containing information and statistics on:

- the exact purpose of the consultation including the type of terrorist or serious criminal offence;
- reasonable grounds given for the substantiated suspicion that the suspect, perpetrator or victim is covered by this Regulation;
- the number of requests for access to the ETIAS Information System for law enforcement purposes;
- the number and type of cases which have ended in successful identifications;
- the need and use made of the exceptional case of urgency including those cases where that urgency was not accepted by the ex post verification carried out by the central access point.

Member States' and Europol's annual reports shall be transmitted to the Commission by 30 June of the subsequent year.

2.2. Management and control system

2.2.1. Risk(s) identified

1) Difficulties with the technical development of the system

The central system for the European Travel Information and Authorisation System may require additional interfaces towards stakeholders such as a) with air and sea carriers and b) with the banks for the collection of the credit card information c) travellers that will require specific security requirements. The setting up of a large administrative platform running 24/7 to monitor the system and manage those cases that will require manual treatment might prove to be complex as well as the establishment of the automated rules to allow the assessment of the requests.

Member States have technically different national IT systems. Furthermore, border control processes may differ according to the local circumstances (available space at the border crossing point, travel flows, etc.). The ETIAS needs to be integrated into the national IT architecture and the national border control processes. Additionally, the integration of the National Uniform Interfaces (NUIs) needs to be fully aligned with central requirements.

There is a remaining risk that technical and legal aspects of the ETIAS may be implemented in different ways by different Member States, due to insufficient coordination between the central and national sides. The NUI concept envisaged should mitigate this risk.

2) Difficulties with the timely development

From the experience gained during the development of the VIS and the SIS II, it can be anticipated that a crucial factor for a successful implementation of the ETIAS will be the timely development of the system by an external contractor. As a center of

excellence in the field of development and management of large-scale IT systems, eu-LISA will also be responsible for the award and management of contracts, in particular for sub-contracting the development of the system. There are several risks related to the use of an external contractor for this development work:

- a) in particular, the risk that the contractor fails to allocate sufficient resources to the project or that it designs and develops a system that is not state-of-the-art;
- b) the risk that administrative techniques and methods to handle large-scale IT projects are not fully respected as a way of reducing costs by the contractor;
- c) finally, the risk of the contractor facing financial difficulties for reasons external to this project cannot be entirely excluded.

2.2.2. *Information concerning the internal control system set up*

The Agency is meant to be a center of excellence in the field of development and management of large-scale IT systems. It shall execute the activities linked to the development and the operations of the central part of the system including uniform interfaces in the Member States and the networks. This will allow to avoid most of the drawbacks that the Commission met when developing the SIS II and VIS.

During the development phase (2018-2020), all development activities will be executed by eu-LISA. This will cover the development part of all strands of the project, i.e. Central System, National Uniform Interface (NUI), the communication infrastructure between the Central System and the National Uniform Interface, any Secure Communication Channel between the ETIAS Central System and other Central Systems. The costs for integration of the NUI as well as those related to the administration of the systems in Member States during the development will be managed by the Commission via shared management or grants.

During the operational phase starting in 2021, eu-LISA will be responsible for the technical and financial management of the central system, notably the award and management of contracts whereas the Commission will manage the funds to Member States for the expenses for National Units via the ISF/Borders (national programmes).

In order to avoid delays at national level, an efficient governance between all stakeholders is to be foreseen prior to the start of the development. The Commission has proposed in the draft Regulation that an Advisory Group composed of Member States national experts shall provide the Agency with the expertise related to the ETIAS. In addition during the development phase the whole IT project reports to a Programme Management Board composed of six members from eu-LISA's Management Board from amongst its members or alternates, the chair of the ETIAS Advisory Group and three members representing respectively eu-LISA, the European Border and Coast Guard Agency and the Commission (see Article 63).

2.2.3. *Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error*

N/A

2.3. **Measures to prevent fraud and irregularities**

Specify existing or envisaged prevention and protection measures.

The measures foreseen to combat fraud are laid down in Article 35 of Regulation (EU) 1077/2011 which provides as follows:

1. In order to combat fraud, corruption and other unlawful activities, Regulation (EC) No 1073/1999 shall apply.
2. The Agencies shall accede to the Interinstitutional Agreement concerning internal investigations by the European Anti-Fraud Office (OLAF) and shall issue, without delay, the appropriate provisions applicable to all the employees of the Agencies.
3. The decisions concerning funding and the implementing agreements and instruments resulting from them shall explicitly stipulate that the Court of Auditors and OLAF may carry out, if necessary, on-the-spot checks among the recipients of the Agencies' funding and the agents responsible for allocating it.

In accordance with this provision, the decision of the Management Board of the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice concerning the terms and conditions for internal investigations in relation to the prevention of fraud, corruption and any illegal activity detrimental to the Union's interests was adopted on 28 June 2012.

DG HOME's fraud prevention and detection strategy will apply.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

THE ESTIMATED IMPACT ON EXPENDITURE AND STAFFING FOR THE YEARS 2021 AND BEYOND IN THIS LEGISLATIVE FINANCIAL STATEMENT IS ADDED FOR ILLUSTRATIVE PURPOSES AND DOES NOT PRE-JUDGE THE NEXT MULTI-ANNUAL FINANCIAL FRAMEWORK

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

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			Diff./Non-diff. ¹³	from EFTA countries ¹⁴	from candidate countries ¹⁵	from third countries
	Heading 3 - Security and Citizenship					
		Diff.	NO	NO	YES	NO
3	18.020101 – Support of border management and a common visa policy to facilitate legitimate travel	Diff	NO	NO	YES	NO
3	18.020103 – Establishing an Entry/Exit System (EES) <i>and a European Travel Information and authorisation System (ETIAS)</i>	Diff	NO	NO	YES	NO
3	18.0203 – European Agency for the Management of Operational Cooperation at the External Borders (Frontex)	Diff	NO	NO	YES	NO
3	18.0207 – European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA)	Diff	NO	NO	YES	NO

¹³ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹⁴ EFTA: European Free Trade Association.

¹⁵ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

New budget lines requested

In order of multiannual financial framework headings and budget lines.

Estimated impact on expenditure

Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework	3	Security and Citizenship
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DG: HOME			Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
• Operational appropriations													
18.020103 (Smart Borders)	Commitments	(1)	20,000	20,000	20,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	112,500
	Payments	(2)	16,000	20,000	20,000	7,500	7,500	7,500	7,500	7,500	7,500	7,500	108,500
18.020101 (Borders & Visa)	Commitments		9,240	9,240	18,047	22,733	20,423	20,423	20,423	20,423	20,818	21,548	183,318
	Payments		16,499	9,166	9,166	15,711	9,036	7,340	17,909	14,568	13,211	21,666	131,772
Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁶													
Number of budget line		(3)											
TOTAL appropriations for DG HOME	Commitments	=1+1a+3	29,240	29,240	38,047	30,233	27,923	27,923	27,923	27,923	28,318	29,048	295,818
	Payments	=2+2a+3	32,499	29,166	29,166	23,211	16,536	14,840	25,409	22,068	20,711	29,166	242,772

These expenditures will cover costs related to:

¹⁶ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

- the integration of the NUI with Member States national border infrastructures and the operation of these NUI;
- the setting up and the operation of the National Central Units.

18.0207 - Eu-LISA			Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
Title 1: Staff expenditures	Commitments	(1)	1,638	1,813	2,684	3,568	3,568	3,568	3,568	3,568	3,568	3,568	31,111
	Payments	(2)	1,638	1,813	2,684	3,568	3,568	3,568	3,568	3,568	3,568	3,568	31,111
Title 2: Infrastructure and Operating Expenditure	Commitments	(1a)	1,658	1,395	1,395	0,770	0,770	0,770	0,770	0,770	0,770	0,770	9,838
	Payments	(2a)	1,658	1,395	1,395	0,770	0,770	0,770	0,770	0,770	0,770	0,770	9,838
Title 3: Operational Expenditure	Commitments	(3a)	23,467	11,023	55,800	18,554	18,554	18,554	18,554	18,554	18,554	18,554	220,168
	Payments	(3b)	23,467	11,023	55,800	18,554	18,554	18,554	18,554	18,554	18,554	18,554	220,168
TOTAL appropriations for eu-LISA	Commitments	=1+1a+3a	26,763	14,231	59,879	22,892	22,892	22,892	22,892	22,892	22,892	22,892	261,117
	Payments	=2+2a+3b	26,763	14,231	59,879	22,892	22,892	22,892	22,892	22,892	22,892	22,892	261,117

These expenditures will cover costs related to:

- the development of all IT strands of the project, i.e. a Central System, a National Uniform Interface (NUI) in each Member State, a secure Communication Infrastructure between the Central System and the National Uniform Interfaces, a public website and a mobile app for mobile devices, an email service, a secure account service, a carrier gateway, a web service and a software enabling the ETIAS Central Unit and the ETIAS National Units to process the applications;

- the technical operation of the ETIAS Information System and its maintenance.
- The expenses under title 1 (personnel costs) increase in 2019 for the addition of test engineers and testers to the existing team. This same team remains in 2020 and is further increased by staff for the Helpdesk support for Member States and carriers (1st line, working on a 24*7 basis), Technical staff (2nd line, working on a 24*7 basis, and operators monitoring the Central System (working on a 24*7 basis). The eu-LISA staff required to create the system and ensure the delivery of the ETIAS system by the contractor remains when the system is in operation both to operate the system and to ensure system maintenance and evolution. Comparison with other systems has highlighted the importance of maintenance tasks to keep the highest level of performance, reliability and adequacy of the applied screening rules.
- The expenses under title 2 (Infrastructure and Operating Expenditure) increase from 2018 to cover the additional costs related to ETIAS for the operations of datacenter space of the central site (in Strasbourg, France) and backup central site (in Sankt Johann im Pongau) as well as the additional office space for the additional eu-LISA staff and the contractor team in charge of the ETIAS Information System development and maintenance.
- The expenses under title 3 in 2018 are impacted by the initial investment for hardware and software for the environments that are necessary during development. In 2019, the expenses under title 3 only include the cost for the development (like in 2018 and 2020), maintenance costs for hardware and software and network costs during development. The expenses under title 3 (operational expenses) have an upsurge in 2020 because the hardware and software investments costs for the operational IT environments (production and pre-production both for central unit and back-up central unit) are incurred in the year before go-live when they need to be ready before starting operations.

18.0203 – EBCG ¹⁷			Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
Title 1: Staff expenditures	Commitments	(1)			7,402	22,315	22,315	22,315	22,315	22,315	22,689	23,379	165,045
	Payments	(2)			7,402	22,315	22,315	22,315	22,315	22,315	22,689	23,379	165,045

¹⁷ Staff in 2020 and later years is indicative and will need to be assessed whether it is additional to the forecast of EBCG staff set out in COM(2015) 671 or not.

Title 2: Infrastructure and Operating Expenditure	Commitments	(1a)			5,129	4,822	4,822	3,802	3,802	3,802	3,876	4,011	34,066
	Payments	(2a)			5,129	4,822	4,822	3,802	3,802	3,802	3,876	4,011	34,066
Title 3: Operational Expenditure	Commitments	(3a)											
	Payments	(3b)											
TOTAL appropriations for EBCG	Commitments	=1+1a +3a			12,531	27,137	27,137	26,117	26,117	26,117	26,565	27,390	199,111
	Payments	=2+2a +3b			12,531	27,137	27,137	26,117	26,117	26,117	26,565	27,390	199,111

These expenditures will cover costs related to:

- the setting up of the ETIAS Central Unit;
- the operational activities related to the ETIAS applications processing.
- The expenses under title 1 for EBCG are defined based on the assumption that 5% of all applications will be processed manually and that it will take 10 minutes to process 1 application (said otherwise 48 applications processed manually per person and per day). Helpdesk support team for travellers is defined based on the assumption that 0.5% of all applications will raise requests/ questions to the helpdesk team and that it will take 5 minutes for them to answer to the request. 10% more staff (so 1 per ten staff members handling applications) are provided for managerial positions and on top of that 10% for DPO (data protection officer), legal advice, audit, monitoring, Human resources, procurement, finance, IT support and other support positions. The managerial and support staff at the EBCG will start working half a year before ETIAS becomes operational, whereas remaining staff will start working 4 months before ETIAS becomes operational. The estimates of number of required staff are based on the feasibility study that preceded the proposal and are themselves based on benchmark values from similar systems and environments.
- The expenses under title 2 (Infrastructure and Operating Expenditure) increase from 2020 to cover the additional costs related to the setting up of the ETIAS Central Unit (2020), the ETIAS information campaign (2020-2022), the additional office space for the ETIAS Central Unit staff and the administrative IT (work stations used by the ETIAS Central Unit staff).

Heading of multiannual financial framework	5	‘Administrative expenditure’
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EUR million (to three decimal places)

		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DG HOME												
• Human resources Number of budget line 18.01		0,402	0,402	0,402	0,536	0,536	0,134	0,134	0,134	0,134	0,134	2,948
Other administrative costs (meetings, etc.)		0,323	0,323	0,323	0,323	0,323	0,200	0,200	0,200	0,200	0,200	2,615
TOTAL DG HOME	Appropriations	0,725	0,725	0,725	0,859	0,859	0,334	0,334	0,334	0,334	0,334	5,563

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0,725	0,725	0,725	0,859	0,859	0,334	0,334	0,334	0,334	0,334	5,563
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EUR million (to three decimal places)

		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	56,728	44,196	111,182	81,121	78,811	77,266	77,266	77,266	78,109	79,664	761,609
	Payments	59,98	44,12	102,30	74,09	67,42	64,18	74,75	71,411	70,50	79,78	708,563

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3.1.1. Estimated impact on operational appropriations

3.1.1.1. Estimated impact on eu-LISA's appropriations

The proposal/initiative does not require the use of operational appropriations

The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs			Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL						
	OUTPUTS																		
Eu-LISA ↓	Type ¹⁸	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost	
SPECIFIC OBJECTIVE No 1 ¹⁹ Development Central System																			
- Output	Contractor		5,940		5,940		5,940												17,820
- Output	Software		6,888		0,000		28,27												35,165
- Output	Hardware		1,588		0,000		6,913												8,501
- Output	Administrat																		
- Output	Other																		
Subtotal for specific				14,416		5,940		41,13											61,486

¹⁸ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

¹⁹ As described in point 1.4.2. 'Specific objective(s)...'.

objective No 1

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SPECIFIC OBJECTIVE No 2 Maintenance Central System		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
- Output	Contractor				4,010	4,010	4,010	4,010	4,010	4,010	4,010	28,070
- Output	Software	1,974	1,974	10,07	10,07	10,07	10,07	10,07	10,07	10,07	10,07	84,548
- Output	Hardware	0,343	0,343	1,829	1,829	1,829	1,829	1,829	1,829	1,829	1,829	15,318
- Output	Administrati											
- Output	Other											
Subtotal for specific objective No 2		2,317	2,317	11,904	15,914	15,914	15,914	15,914	15,914	15,914	15,914	127,936
SPECIFIC OBJECTIVE No 3 Network												
- Output	Developmen t	3,968										3,968
- Output	Operations	2,472	2,472	2,472	2,472	2,472	2,472	2,472	2,472	2,472	2,472	24,720
Subtotal for specific objective No 3		6,440	2,472	2,472	2,472	2,472	2,472	2,472	2,472	2,472	2,472	28,688
SPECIFIC OBJECTIVE No 4 Meetings/Training		0,294	0,294	0,294	0,168	0,168	0,168	0,168	0,168	0,168	0,168	2,058

TOTAL COST eu-LISA	23,467	11,023	55,800	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	18,554	220,168

3.1.1.2. *Estimated impact on EBCG's appropriations*

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

3.1.1.3. *Estimated impact on DG HOME appropriations*

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

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs	Type ²⁰	Average cost	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL	
			OUTPUTS											
			No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost
SPECIFIC OBJECTIVE No 1 ²¹ Development National Systems														
- Customisation of NUI			20,000	20,000	20,000									60,000
- Administration (technical managers and other staff)			9,240	9,240	18,047									36,527

²⁰ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

²¹ As described in point 1.4.2. 'Specific objective(s)...'.

Sub-Total Specific Objective 1	29,240	29,240	38,047										96,527
SPECIFIC OBJECTIVE No 2 Maintenance National Systems													
- Operations of NUI				7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500		52,500
- Administration (teams in Member States, processing and other staff)				22,733	20,423	20,423	20,423	20,423	20,423	20,818	21,548		146,791
Sub-Total Specific Objective 2				30,233	27,923	27,923	27,923	27,923	27,923	28,318	29,048		199,291
TOTAL COST DG HOME	29,240	29,240	38,047	30,233	27,923	27,923	27,923	27,923	27,923	28,318	29,048		295,818

These expenditures will cover costs related to:

- (a) Under specific objective nr 1,
- the 'customisation of NUI' is covering the maximum integration costs of NUI for each Member State, meaning that a maximum of 2 million per Member State is foreseen for this integration.
 - the 'Administration (technical managers and other staff)' is covering the expenditures related to the staff involved in the 'customisation of NUI' in Member States during the development phase as well as, in 2020, the costs of the setting up of the ETIAS National Units in the Member States (staff recruitment and training, administrative expenditures).
- (b) Under specific objective nr 2,
- the 'Operations of NUI' are covering the maintenance costs for the NUI integration for the Member States during the operations. This amount is calculated as a yearly percentage (12,5%) of the initial development efforts.

- the '- Administration (teams in Member States, processing and other staff)' is covering the costs of the National Units in the Member States during the operations (staff expenditures, managerial staff expenditures, administrative expenditures) as well as, in 2021, the expenditures related to the staff involved in the 'operations of NUI' in Member States for the finalisation of the NUI integration.

The staff for teams in Member States ETIAS National Units is defined on the assumption that all together the National Units will have to process 3% of all ETIAS applications and that it will take 30 minutes for them to process 1 application. Based on this assumption, the ETIAS National Units should be composed of a total of 381 persons. This staff will be hired 4 months in advance of the start of operations.

The distribution key for the operations should be defined during the discussions concerning the next Multiannual Financial Framework and in accordance with the proposed ETIAS Regulation.

3.1.2. Estimated impact on human resources

3.1.2.1. Eu-LISA: Summary

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)

	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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Officials (AD Grades)											
Officials (AST grades)											
Contract staff	0,700	0,875	1,746	2,630	2,630	2,630	2,630	2,630	2,630	2,630	21,731
Temporary staff	0,938	0,938	0,938	0,938	0,938	0,938	0,938	0,938	0,938	0,938	9,380
Seconded National Experts											

TOTAL	1,638	1,813	2,684	3,568	3,568	3,568	3,568	3,568	3,568	3,568	31,111
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Recruitment of the 7 temporary agents and the 10 contract agents (technical experts) is planned for January 2018. All staff must be available as of early 2018 in order to allow starting the three year development period in due time with a view of ensuring an entry into operations of the ETIAS in 2021. The resources will be devoted to project and contract management as well as the development and testing of the system.

The estimated required staffing is presented in the table below based on the estimates of the feasibility study.

Additional eu-LISA staff for ETIAS											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Type
	Development			Operations							
10 Technical experts: - Solution Architect (x1) - System Architect (x 1) - SOA Architect (x 1) - Database designer (x1) - Application administrator (x2) - System administrator (x1) - Network administrator (x1) - Security officer (x2)	10	10	10	10	10	10	10	10	10	10	Contract Agents
Testing	0	2,5	5	5	5	5	5	5	5	5	Contract Agents
Helpdesk support (1 st line, 24/7 factor taken into account, meaning that one post requires 5 persons)	0	0	5	10	10	10	10	10	10	10	Contract Agents
Operators monitoring the Central System (24/7 factor taken into account)	0	0	5	10	10	10	10	10	10	10	Contract Agents
Sub-total Contract Agents	10	12,5	25	35	35	35	35	35	35	35	(83% of total)
Program/project management	4	4	4	4	4	4	4	4	4	4	Temporary Agents
Contract management	2	2	2	2	2	2	2	2	2	2	Temporary Agents
Quality assurance	1	1	1	1	1	1	1	1	1	1	Temporary Agents
Sub-total Temporary Agents	7	7	7	7	7	7	7	7	7	7	(17% of total)
TOTAL	17	19,5	32	42	42	42	42	42	42	42	All agents

Staff levels are seemingly high but take into account that the ETIAS system comprises different modules (the website for travellers, the database with the applications, the

screening engine, but also the system for handling the communication with carriers and with Member State teams). ETIAS needs therefore to be highly secure and have a high availability. These performance requirements increase staff level well beyond what is required for a system for commercial purposes.

eu-LISA staff for testing will be hired during the second year of development. Profiles for 24*7 support and monitoring of the system will be hired 6 months before ETIAS goes into operations.

3.1.2.2. EBCGA: Summary

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)

	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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Officials (AD Grades)											165,045
Officials (AST grades)											
Contract staff			4,710	16,011	16,011	16,011	16,011	16,011	16,332	16,921	118,018
Temporary staff			2,692	6,304	6,304	6,304	6,304	6,304	6,357	6,458	47,027
Seconded National Experts											

TOTAL			7,402	22,315	22,315	22,315	22,315	22,315	22,689	23,379	165,045
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The figures above correspond to the following numbers of staff members²².

EBCGA Staff										
	2020	2021	2022	2023	2024	2025	2026	2027	Type	
Staff that will process ETIAS	64	192	192	192	192	192	196	203	Contract Agents	

²² Staff in 2020 and later years is indicative and will need to be assessed whether it is additional to the forecast of EBCG staff set out in COM(2015) 671 or not.

applications manually (FTEs)									
Helpdesk support staff for travellers (FTEs)	3	10	10	10	10	10	10	10	Contract Agents
Sub-total Contract Agents	67	202	202	202	202	202	206	213	
Managerial staff of the Central Unit (FTEs)	10	20	20	20	20	20	21	21	Temporary Agents
Support staff (DPO, legal advice, audit, monitoring, HR, procurement, finance, IT support etc.) (FTEs)	10	20	20	20	20	20	20	20	Temporary Agents
Sub-total Temporary Agents	20	40	40	40	40	40	41	41	
TOTAL number of staff for CMPE (FTEs)	87	242	242	242	242	242	247	254	

In 2020 (the year before start of operations), the number of FTEs is equivalent to the number of staff in 2021 hired few months in advance before the launch of the system. It is assumed that staff that will process ETIAS applications manually and helpdesk support staff will be hired 4 months in advance, whereas managerial and support staff will be hired half a year in advance.

The number of staff that will process the ETIAS applications in the Central Unit is defined based on the assumption that 5% of all applications will be processed manually and that it will take 10 minutes to process 1 application (said otherwise 48 applications processed manually per person and per working day). The manual processing in the Central Unit has to

be ensured 24 hours a day, 7 days a week as the Central Unit has to complete the manual examination within a maximum of 12 hours from receipt of the application file. As a consequence, there will be in permanence a team of 35 to 40 persons processing manually the applications.

The estimated numbers of visa exempt travellers that would visit the Schengen area during the period 2021-2027 and would require a travel authorisation varies from 40,6 million travellers in 2021 up to 50,5 million travellers in 2027. The number of staff that will process manually the application varies accordingly. For example, based on 48 applications per person per day and 220 working days per year, the 192 FTE estimated for 2021 would be able to process some 2 million applications, corresponding to 5% of all applications in that year.

Helpdesk support team for travellers is defined based on the assumption that 0.5% of all applications will raise requests/ questions to the helpdesk team and that it will take 5 minutes for them to answer to the request. This function has to be ensured on a 24/7 basis.

Support staff will be in charge of the following functions:

- data protection (2 staff);
- monitoring of the application files and of the data recorded in the Central System (2);
- coordination with National Units and support to the ETIAS Screening Board (3);
- definition, testing, implementation, evaluation and revision the specific risk indicators and screening rules (3);
- carrying out regular audits on the processing of applications and on the implementation of the screening rules including regularly assessing their impact on fundamental rights (2);
- IT support on a 24/7 basis for the team processing ETIAS applications (6);
- preparation of statistics and report (2).

As there will be in permanence a team of 35 to 40 persons processing manually the applications as well as help desk for the applicants, presence of managerial staff will also be required 24 hours a day, 7 days a week. 2 team leaders and one head of unit will have to be present permanently (15 staff). Managerial staff is also required for ensuring the following functions: head of the Central Unit, head of the application processing team, head of helpdesk support team for travellers, head of the support team, team leader for the IT support.

The estimates of number of required staff are based on the feasibility study that preceded the proposal and are themselves based on benchmark values from similar systems and environments.

3.1.3. Estimated impact on appropriations of an administrative nature

3.1.3.1. Summary

- 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)

	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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HEADING 5 of the multiannual financial framework											
Human resources DG HOME	0,402	0,402	0,402	0,536	0,536	0,134	0,134	0,134	0,134	0,134	2,948
Other administrative expenditure	0,323	0,323	0,323	0,323	0,323	0,200	0,200	0,200	0,200	0,200	2,615
Subtotal HEADING 5 of the multiannual financial framework	0,725	0,725	0,725	0,859	0,859	0,334	0,334	0,334	0,334	0,334	5,563

Outside HEADING 5²³ of the multiannual financial framework											
Human resources											
Other expenditure of an administrative nature											
Subtotal outside HEADING 5 of the multiannual financial framework											

TOTAL	0,725	0,725	0,725	0,859	0,859	0,334	0,334	0,334	0,334	0,334	5,563
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The staff will deal:

²³ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

- with the management of the national programmes of the ISF-Borders fund and with contact with the Screening Board to implement the proposal in an appropriate manner (3 FTE from 2018 to 2022).
- with the ETIAS revenue management (1 FTE from 2021 to 2027).

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.

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

	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
• Establishment plan posts (officials and temporary staff)											
18 01 01 01 (Headquarters and Commission's Representation Offices) DG HOME	3	3	3	4	4	1	1	1	1	1	22
XX 01 01 02 (Delegations)											
XX 01 05 01 (Indirect research)											
10 01 05 01 (Direct research)											
• External staff (in Full Time Equivalent unit: FTE)²⁴											
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)											
XX 01 04 yy ²⁵	- at Headquarters										
	- in Delegations										
XX 01 05 02 (AC, END, INT - Indirect research)											
10 01 05 02 (AC, END, INT - Direct research)											
Other budget lines											

²⁴ AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

²⁵ Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

(specify)											
TOTAL	3	3	3	4	4	1	1	1	1	1	22

18 is the policy area or budget title concerned.

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 DG HOME	The staff will deal with the management of the national programmes of the ISF-Borders fund and with contact with the Screening Board to implement the proposal in an appropriate manner as well as with the ETIAS revenue management.
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3.1.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.
- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

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

The ISF borders Regulation is the financial instrument where the budget for the implementation of the smart borders package has been included.

It provides in Article 5 that 791 million EUR shall be implemented through a programme for setting up IT systems supporting the management of migration flows across the external border under the conditions laid down in Article 15. Out of these 791 million EUR, 480 million EUR are reserved for the development of the Entry Exit System. The remainder, 311 million EUR, will be partly used for ETIAS.

3.1.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.

The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	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)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.2. 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 miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ²⁶									
		Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
Article 6313 – contribution Schengen associated countries (CH, NO, LI, IS)		p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Article 6600 – fee revenue					p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

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

18.02.01.03 (Smart Borders), 18.0207 (eu-LISA) and 18.0203 (EBCG)

Specify the method for calculating the impact on revenue.

The budget shall include a contribution from countries associated with the implementation, application and development of the Schengen acquis and the Eurodac related measures as laid down in the respective agreements.

The budget shall also include the revenue generated by the payment of a fee by applicants to a travel authorisation. The ETIAS proposal establishes a € 5 fee. Applicants under the age of 18 would not be required to pay this fee. Applicants who are family members of a Union citizen or of a national of a third country enjoying the right of free movement under Union law and who do not hold a residence card would also not be required to pay this fee. It is estimated that 15 to 20% of the application will be exempted of the fee. The estimated numbers of visa exempt

²⁶ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.

travellers that would visit the Schengen area during the period 2021-2027 and would require a travel authorisation varies from 40,6 million travellers in 2021 up to 50,5 million travellers in 2027. These estimated numbers rely on the statistics available in the Smart Border Technical Study²⁷. However, the proposals provides for a transitional period and transitional measures that would impact the revenue. Considering these elements, it is not possible to provide reliable estimates concerning the number of applicationfor which a fee will be paid and, consequently, the revenue to be expected cannot be estimated in a reliable way.

²⁷ Technical Study on Smart Borders, European Commission, DG HOME, 2014. http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/borders-and-visas/smart-borders/index_en.htm