

DECLARATION ON THE REQUIRED PUBLIC FUNDING FOR THE PRESERVATION AND DEVELOPMENT OF THE EO VA INDUSTRY

The Earth Observation (EO) and Geo-information Value-Adding (VA) industry and its growth are **strategically important** for governments, public sector and private sector organisations throughout Europe and Canada.

The industry **needs to grow and consolidate** to realise its full potential and deliver tangible long term benefits, but it is held back due to a number of factors that no individual company is able to tackle on its own or without support.

There are sound arguments for the public sector to **invest and “incubate” the sector** with a clearly defined set of actions to help the industry as a whole achieve the short and medium term objectives for growth and development. Among those actions, the implementation of the right funding mechanisms for development activities is paramount.

Rationale for public funding of EO VA activities

First, the majority of the Earth Observation applications, and the majority of the users identified today, are in the public service realm. It encompasses pollution monitoring, water management, coastal zone surveillance, risk management, vegetation monitoring, natural resources inventory, defence and many other applications.

Second, such services when delivered by small VA companies to the public have so far generated very little profit. Evolving specifications and payment delays with little scope for redress make it risky for VA companies to invest in public applications, even if they want to be proactive about this. The development of new operational applications itself is indeed quite expensive and time consuming and not suitable for VA companies alone.

Third, the development of remote sensing applications is in general quite specific to the user requesting it so that it has little recurring use on private markets. Sales to other governments or export could be envisaged but only with suitable government authorization and encouragement.

Fourth, some fear the EO VA industry might be too small today to cover all the public needs, even though it is tailored to meet the first GMES budget allocations. For the future there are thus two main possibilities: either in-sourcing in public institutions or the development of the VA industry sector. Unlike government agencies the VA sector has great freedom to create additional jobs in markets outside the public sector, and thus has the best potential to satisfy the Lisbon agenda.

Thus public funding for VA companies is a win-win situation. The public institutions get their applications developed and delivered efficiently in a competitive environment. The VA companies get a stable business base allowing both their survival and development in Europe and on the export front.

While the private sector has shown a willingness to play a role during the past thirty years, it can only realise its full potential if its initiatives are accompanied by government commitment to infrastructure financing, long term adoption of services, and the right legal and regulatory tools.

For the short to mid-term (2006-2010), public funding is a *sine qua non* condition for the development of public services and for the growth to maturity of the EO VA industry. It must include in this period full public funding of the infrastructure as well as full coverage of public applications development and implementation costs. This requires specific measures, even if temporary for the short to mid-term, for 75% to 100% contract funding in the 7th Framework Programme.

The EO VA Industry invites public sector organisations across Europe and Canada to consider this paper and its recommendations carefully, and firmly commit the necessary resources to help incubate the industry and deliver the foreseen benefits, such as those hoped for in GMES.