

Competitiveness and Innovation Framework Programme (CIP) 2007-2013

2005/0050(COD) - 06/04/2005 - Legislative proposal

PURPOSE: to adopt a new programme to boost European competitiveness and innovation (2007-2013).

LEGISLATIVE ACT: Decision of the European Parliament and of the Council.

CONTENT: the reasons behind the Commission's proposal establishing a Competitiveness and Innovation Framework Programme (CIP) include:

- the need to boost entrepreneurship in Europe;
- Europe is lagging behind the other advanced countries in investing in ICT;
- the EU is a leader in eco-technologies;
- innovation is needed to build a knowledge-based economy.

The CIP brings together several existing EU activities that support competitiveness and innovation. For Member States and other participating countries, this framework will ensure continuity of programmes with a proven and successful track record.

1) The Entrepreneurship and Innovation Programme: This programme will bring together activities that were previously dispersed over the Multiannual Programme (MAP) for SMEs, activities for Industrial Competitiveness and elements of the existing LIFE-Environment programme. CIP will also build on innovation activities that have been successfully tested and developed under previous Research Framework Programmes. Through a single source, CIP will provide support for the improvement of the conditions in which innovation happens. It will provide the instruments to develop and sustain a supportive environment for innovative firms, encouraging clusters, strengthening access to finance and to the other resources on which innovation depends and ensuring that SMEs in particular can benefit from simple, clear and efficient access to the EU – its legislation, programmes and opportunities.

2) The ICT Policy Support Programme: This pillar will continue to extend the aims of the e-TEN, Modinis and e-Content programmes in line with the new integrated strategy i2010 - European Information Society 2010 - to be announced in May 2005. The ICT pillar will:

- stimulate the new converging markets for electronic networks, media content and digital technologies
- test solutions to the bottlenecks that delay wide European deployment of electronic services
- support the modernisation of public sector services that will raise productivity and improve services.

Actions under the ICT-policy support programme will increase the impact of ICT on competitiveness, growth and jobs by:

- underpinning regulatory and research actions of the Commission to stimulate emerging digital economy based on the convergence between network services, media content and new electronic devices.

- making a bridge between research investment and wide adoption, by providing a testing ground for pan-European electronic services in both the public and private sectors.
- reinforcing European cultural and linguistic identities by support for the production and distribution of European digital content.
- assisting the development of an open and inclusive European Information Society through stimulating innovative approaches to inclusion, quality of life and public services.

3) The “Intelligent Energy Europe” Programme: This pillar will encourage the wider uptake of new and renewable energies and improve energy efficiency, and shall foster compliance with our energy regulatory framework. This pillar aims at accelerating action in relation to the agreed EU strategy and targets in the field of sustainable energy, increasing the share of renewable energy and further reducing our final energy consumption. It includes actions to:

- increase the uptake and demand for energy efficiency,
- to promote renewable energy sources and energy diversification, and
- to stimulate the diversification of fuels and energy efficiency in transport.

The programme will also help to increase the level of investment in new and best performing technologies and bridge the gap between the successful demonstration of innovative technologies and their effective introduction to the market to achieve mass deployment. Furthermore, it will strengthen the administrative capacity both to develop strategies and policies and to implement existing regulations.

The CIP includes several new aspects:

- it will add a new risk capital instrument (the High Growth and Innovative Company Facility - “GIF2”) to the existing instrument fostering SME start-ups. This is aimed specifically at innovative and high growth SMEs, which face a lack of capital at their most crucial growth phase. GIF2 will leverage private capital to create a bridge over this “valley of death” (as it has become known) for companies seeking between EUR 200,000 and EUR 2.5 million. A significant proportion of resources will be dedicated to supporting SMEs developing or using environmental technologies. This is new and innovative in its non grant-based approach; nevertheless it will follow the successful model of the existing market-based EU financial instruments in its delivery via the European Investment Fund and professional venture capital funds including funds set up by business angels.
- an instrument for the securitisation of bank loan portfolios will free up further SME loan capacity amongst smaller and regional banks, which are the typical interface for family businesses. This is important to develop the availability of proximity financing for more traditional small businesses.
- Euro Info Centre and Innovation Relay Centre networks will be developed to offer one-stop-shops for services in support of business and innovation. Their role in providing feedback for developing EU policy will be enhanced, as will their role in improving SME access to EU programmes in particular the framework programmes for research.
- A scheme to support the cooperation between national and regional programmes for business innovation (BISS) will increase the chances for SMEs to benefit from creativity, know-how and market opportunities in other EU Member States, without having to go through the EU administrative processes. This new scheme will allow tailoring trans-national initiatives to specific regional or sectoral technology and innovation needs. It aims to give an incentive to regions to support investment in innovation by enterprises, which is essential for more competitiveness in a knowledge-based economy.

- The Intelligent Energy Programme will place its emphasis in the mass replication of new and renewable energy sources and energy efficient technology, and in the faster implementation of the regulatory framework in the sustainable energy field.

In order to help Member States drive forward administrative and economic reforms, “open method” policy development tools will be complemented through twinning activities helping Member States and regions to learn from examples of good practice.

These existing and new activities will be combined into the three pillars of the CIP.

FINANCIAL IMPLICATIONS:

Policy area: Enterprise and Industry; Activities: Competitiveness, Industrial Policy, Innovation and Entrepreneurship.

Policy area: Economic and Financial Affairs; Activities: Operations and Financial Instruments

Policy area: Information Society and Media; Activities: eEurope

Policy area: Environment; Activities: Environmental programmes and projects

Policy area: Energy and Transport; Activities: “Intelligent Energy Europe” Programme.

BUDGET LINES

A new budget structure will be defined after approval of the Interinstitutional agreement on the Financial Perspective 2007-2013. For information, the current budget lines corresponding to the activities that will be carried on in the

Competitiveness and Innovation Programme are listed in the financial impact statement.

FINANCIAL RESOURCES

- financial reference amount for the 2007-2013 period: EUR 4,212,600 million of which EUR 3,926,600 million for operational expenditure and EUR 286,000 million for administrative expenditure.

- administrative expenditure not included in reference amount: EUR 22,680 million.

Total cost of intervention: EUR 4,235,280 million.

DETAILS OF RESOURCES:

1) Programme for enterprise and entrepreneurship: EUR 2,631 million, of which a maximum of EUR 520 million for the promotion of eco-innovation.

- *Objective 1*: access to finance for the start-up and growth of SMEs and investment in innovation activities, including eco-innovation: EUR 1,036 million (of which eco-innovation: EUR 150 million);

- *Objective 2*: creation of an environment favourable to SME cooperation: EUR 570 million;

- *Objective 3*: innovation in enterprises, including eco-innovation: EUR 733 million (of which eco-innovation: EUR 324 million);

- *Objective 4*: entrepreneurship and innovation culture: EUR 186 million (of which eco-innovation: EUR 46 million);

- *Objective 5*: economic and administrative reform related reform: EUR 106 million. 2) ICT policy support Programme: EUR 801.6 million.

- *Objective 1*: Single European information space and internal market for information products and services: EUR 267 million;

- Objective 2: stimulate innovation through a wider adoption of and investment in ICTs: EUR 181 million;

- Objective 3: an inclusive information society and more efficient and effective services in the areas of public interest and to improve the quality of life: EUR 353.6 million.

3) Intelligent Energy – Europe II Programme: EUR 780 million.

- *Objective 1*: energy efficiency and the rational use of energy resources: EUR 283.8 million;

- *Objective 2*: new and renewable energy resources, and energy diversification: EUR 316.35 million.;

- *Objective 3*: energy efficiency and the use of new and renewable resources in transport: EUR 179.85 million.

HUMAN RESOURCES:

- additional posts necessary for the implementation of the framework programme: 30 posts in 2007 (11 additional posts in Economic and Financial Affairs DG; 10 in Enterprise and Industry; 5 in Environment; and 4 in Information Society and Media DG).

Total annual cost: EUR 3,240 million.