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Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a Competitiveness and Innovation Framework Programme  
(2007-2013)**

(presented by the Commission)

{SEC(2005) 433}

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

The Lisbon European Council of March 2000 set the objective of making Europe the most competitive and dynamic knowledge-based economy in the world. It emphasized the importance of creating a climate favourable to SMEs, and considered it important to disseminate best practice and ensure greater convergence between Member States. The Gothenburg European Council of June 2001 defined the EU Strategy for Sustainable Development to ensure that economic growth, social inclusion and environmental protection go hand in hand. Enterprises' production patterns play an important role in sustainable development.

In its Communication on a renewed Lisbon strategy of February 2005, the Commission proposes to focus efforts on “delivering stronger and lasting growth and creating more and better jobs”<sup>1</sup>. This calls for actions to deliver growth and competitiveness and to make Europe a more attractive place to invest and work. It emphasizes the need to stimulate entrepreneurial initiative, attract sufficient risk capital to start up businesses, and sustain a strong European industrial base whilst facilitating innovation and notably eco-innovation, more and better investment in education and training, the uptake of ICT and the sustainable use of resources.

The Lisbon process has placed competitiveness firmly at the centre of political attention. In recent years concern to achieve greater coherence and synergy in the Community programmes and instruments that are relevant to meeting the Lisbon goals has grown. The 2003 Spring Council called for “an integrated strategy for competitiveness to be developed by the Commission, reviewing on a regular basis both horizontal and sectoral issues”<sup>2</sup>. In its response<sup>3</sup>, the Commission presented a preliminary analysis of relevant fields of activity, but expressed its intension to put forward proposals in the framework of the preparatory work for the next budgetary period, which define the political project for the enlarged Union from 2007-2013. The Commission therefore suggested in July 2004, in the context of its proposals for the next budgetary period, a framework programme for competitiveness and innovation<sup>4</sup>.

### 2. THE COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME

The Competitiveness and Innovation Framework Programme (CIP) will bring together into a common framework specific Community support programmes and relevant parts of other Community programmes in fields critical to boosting European productivity, innovation capacity and sustainable growth, whilst simultaneously addressing complementary environmental concerns. This concerns the following Community measures presently in place: Council Decision 96/413/EC<sup>5</sup> on measures to strengthen the competitiveness of

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<sup>1</sup> COM(2005) 24, 2.2.2005.

<sup>2</sup> Presidency Conclusions of the Brussels European Council of 20 & 21st March 2003, paragraph 21, 8410/03 of 5 May 2003.

<sup>3</sup> Some key issues in Europe's competitiveness - towards an integrated approach, COM(2003) 704, 21.11.2003.

<sup>4</sup> Communication on the Financial Perspectives 2007-2013 - COM(2004) 487, 14.7.2004.

<sup>5</sup> OJ L 167, 6.7.1996, p. 55.

European industry; Council Decision 2000/819/EC<sup>6</sup> on a multiannual programme (MAP) for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs); Regulation (EC) No 1655/2000<sup>7</sup> of the European Parliament and of the Council concerning the Financial Instrument for the Environment (LIFE); Decision No 2256/2003/EC of the Parliament and of the Council on a multiannual programme for the monitoring of the eEurope 2005 action plan, dissemination of good practices and the improvement of network and information security; Council Decision 2001/48/EC on a multiannual Community programme to stimulate the development and use of European digital content on the global networks and to promote linguistic diversity in the information society; Council Regulation (EC) No 2236/95 on general rules for the granting of Community financial aid in the field of trans-European networks, Decision No 1336/97/EC<sup>8</sup> of the European Parliament and of the Council on a series of guidelines for trans-European telecommunications networks; and Decision No 1230/2003/EC<sup>9</sup> of the European Parliament and of the Council on a multiannual programme for action in the field of energy: ‘Intelligent Energy – Europe’ to support energy efficiency and new and renewable energy sources in all sectors including transport.

The CIP will provide a significant and coherent legal basis for Community actions which share the overarching objectives of enhancing competitiveness and innovation, complementing the research-oriented activities promoted by the Community Framework Programme on Research and Technological Development and Demonstration. As such it will be more visible and comprehensible for the public. However, the objectives and target groups of the CIP are diverse and the structure of the CIP therefore recognises the need to maintain the visibility of its individual components. The CIP will therefore be composed of specific sub-programmes: the Entrepreneurship and Innovation Programme, the ICT Policy Support Programme, and the Intelligent Energy- Europe Programme.

The CIP will be open for participation to the members of the EEA, candidate countries and countries of the Western Balkans. Other third countries, in particular neighbouring countries or countries interested in co-operating with the Community in relation to innovation activities can participate in the framework programme if bilateral agreements with them provide for this.

### **The Entrepreneurship and Innovation Programme**

The 2004 Spring European Council emphasized that “competitiveness, innovation, and the promotion of an entrepreneurial culture are defining conditions for growth – essential to the economy as a whole – and especially important for small and medium-sized enterprises”<sup>10</sup>. It also stressed that “Growth, to be sustainable, must be environmentally sound. Growth should be decoupled from negative environmental impacts. Clean technologies are vital in order to fully exploit synergies between enterprise and the environment”<sup>11</sup>.

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<sup>6</sup> OJ L 333, 29.12.2000, p. 84. Decision as last amended by Decision No 593/2004/EC (OJ L 268, 16.8.2004, p.3).

<sup>7</sup> OJ L 192, 28.7.2000, p.1. Regulation as last amended by Regulation (EC) No 1682/2004 (OJ L 308, 5.10.2004, p. 1).

<sup>8</sup> OJ L 183, 11.07.1997, p. 12. Decision as last amended by Decision No 1376/2002/EC (OJ L 200, 30.7.2002, p. 1).

<sup>9</sup> OJ L 176, 15.7.2003, p. 29.

<sup>10</sup> Presidency Conclusions of the Brussels European Council of 25 & 26 March 2004, Chapter III, Section (ii) “Competitiveness and Innovation”, paragraphs 17 & 28. 9048/04 of 19 May 2004.

<sup>11</sup> Idem, Chapter III, section (iv) « Environmentally Sustainable Growth », paragraphs 30 and 33.

The Treaty provides the basis for the Community and the Member States to ensure that the conditions necessary for the competitiveness of the Community's enterprises exist<sup>12</sup>. Such activities include facilitating adjustment to structural changes, encouraging a favourable environment for entrepreneurship and SMEs, encouraging an environment favourable to enterprise cooperation, and fostering better exploitation of the innovative potential of enterprises.

The Community supports at present enterprise and entrepreneurship policy development, and business support services and Community financial instruments for SMEs under the MAP. In addition the Commission carries out analysis and actions to define and promote competitiveness strategies for European industry and service sectors, including sectoral determinants of industrial competitiveness. The sixth framework programme for research, technological development and demonstration supports a range of actions that are necessary to strengthen Europe's technological capability and improve its innovation performance<sup>13</sup>. The LIFE Programme provides support to innovative techniques and methods in the environment field. A major part of this support is granted to SMEs, for the demonstration of a variety of clean technologies in key areas such as water quality and waste recycling.

The Entrepreneurship and Innovation Programme will bring together activities on entrepreneurship, SMEs, industrial competitiveness and innovation. It will specifically target small and medium sized enterprises<sup>14</sup>, from hi-tech "gazelles" to the traditional micro- and family firms which make up the large majority of enterprises in Europe. It will cover industrial and services sectors. It will also encourage entrepreneurship and potential entrepreneurs both generally and in particular target groups, paying special attention to gender issues. It will contribute to encouraging young people to develop an entrepreneurial spirit and promoting the emergence of young entrepreneurs as promoted by the European Pact for Youth<sup>15</sup>. It will be an important, but not the only instrument for implementing the key actions in the strategic policy areas set out in the "European Agenda for Entrepreneurship"<sup>16</sup> and for providing Community level support for Member States' actions in pursuit of the European Charter for Small Enterprises<sup>17</sup>. Although specifically addressed by the Entrepreneurship and Innovation Programme, SME interests will be reflected throughout the entire CIP.

The Entrepreneurship and Innovation Programme will also be one of the instruments supporting the implementation of the Environmental Technologies Action Plan<sup>18</sup>, which aims at removing the obstacles so as to tap the full potential of environmental technologies to protect the environment while contributing to competitiveness and economic growth, ensuring that over the coming years the European Union takes a leading role in developing and applying environmental technologies, and mobilising all stakeholders in support of these objectives. The 2004 Spring European Council welcomed the Action Plan and called for its implementation. It invited in particular the Commission and the European Investment Bank Group (EIB) to explore the mobilisation of the range of financial instruments to promote such

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<sup>12</sup> Article 157.

<sup>13</sup> Decision No 1513/2002/EC of the European Parliament and of the Council.

<sup>14</sup> As defined in the Commission recommendation of 6 May 2003 - OJ L 124, 20.5.2003, pp. 36-41.

<sup>15</sup> European Council conclusions of 22-23 March 2005, Annex 1, European Pact for Youth.

<sup>16</sup> COM(2004) 70, 11.2.2004.

<sup>17</sup> Adopted by the Council on 13 June 2000 and approved by the European Council on 19 and 20 June 2000.

<sup>18</sup> COM(2004) 38.

technologies. The Commission's communication to the 2005 Spring European Council<sup>19</sup> further emphasised the need to strongly promote eco-innovation, and stated that the Commission will step up its promotion of environmental technologies.

Innovation is a business process connected with exploiting market opportunities for new products, services and business processes. Indeed, a strong competitive pressure is indispensable to provide powerful incentives for companies to continuously engage in innovation and RTD. This is closely related to the willingness to take risks and test new ideas on the market, and the availability of risk capital is crucial for it. Insufficient innovation is a major cause of Europe's disappointing growth performance. The Entrepreneurship and Innovation Programme will therefore support horizontal activities to improve, encourage and promote innovation (including eco-innovation) in enterprises. This will include fostering sector-specific innovation, clusters, public-private innovation partnerships, and the application of innovation management. It will also contribute to the provision of innovation support services at regional level, in particular for trans-national knowledge and technology transfer and management of intellectual and industrial property.

The Competitiveness Council of 13 May 2003 called on Member States to define policy objectives in the field of innovation, reflecting the specific characteristics of their respective innovation systems. The Entrepreneurship and Innovation Programme will support the development of innovation governance and culture through analysis and monitoring of innovation performance, and the development and coordination of innovation policy. The Programme will support mutual learning for excellence in national and regional innovation policy-making, it will encourage cooperation between public and private innovation actors, promote awareness of innovation and disseminate good innovation practices.

Poor access to appropriate forms of finance is frequently quoted as a main barrier to entrepreneurship and enterprise innovation<sup>20</sup>. This problem may be exacerbated by new accounting standards which will make banks more sensitive to risk and lead to a rating culture. The Entrepreneurship and Innovation Programme will address persistent recognised market gaps leading to poor access to equity, venture capital and loans for SMEs, through Community Financial Instruments operated on behalf of the Commission by the European Investment Fund (EIF), the Community's specialised institution for providing venture capital and guarantee instruments for SMEs. Under the MAP, independent evaluations identified the market-based approach and the implementation via the EIF of these instruments as a best practice<sup>21</sup>. They will therefore be continued and adapted in the new programme.

The Community Financial Instruments for SMEs will ease the supply of seed and early stage capital for innovative start-ups and young companies. The High Growth and Innovative SME Facility (GIF) will share risk and reward with private equity investors providing important leverage for the supply of equity to innovative companies. The GIF instruments will increase the supply of development equity for innovative SMEs in their early stages and in the expansion phase, leveraging 'follow-on' capital to help them bring their products and services to market and continue research and development activities.

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<sup>19</sup> Working together for growth and jobs, a new start for the Lisbon Strategy - COM(2005) 24.

<sup>20</sup> Flash Eurobarometer No 160 on Attitudes to Entrepreneurship.

<sup>21</sup> Strategic Evaluation of Financial Assistance Schemes to SMEs, Deloitte & Touche, Final Report, December 2003.

The SME Guarantee Facility will continue to provide counter or co-guarantees to guarantee schemes operating in eligible countries, and direct guarantees to financial intermediaries. It will concentrate on addressing market failures: (i) in the access of SMEs with growth potential to loans (or loan substitutes such as leasing); (ii) in the provision of microcredit and (iii) in access to equity or quasi-equity. A (iv) new securitisation window will mobilise additional debt financing for SMEs under appropriate risk-sharing arrangements with the targeted institutions.

A Capacity Building Scheme will support the capacity of financial intermediaries to focus on additional investment and technology aspects. Action will also be undertaken to facilitate SME financing in countries where banking intermediation is significantly lower than the EU average.

European business and innovation support services play an important role in ensuring SMEs' access to information relating to the functioning and opportunities of the internal market for goods and services as well as in the transnational transfer of innovation, knowledge and technology. These services can play a cross-cutting role particularly in the promotion and dissemination of information on and results of Community programmes and in providing interaction between the Commission and SMEs.

The Entrepreneurship and Innovation Programme will also support positive policy development through benchmarking, studies and exchanges of good practice between national and regional authorities and other experts in the enterprise, entrepreneurship, innovation and competitiveness policy fields. It will work with Member States and other participating countries to improve the regulatory and administrative environment for business. Twinning actions between authorities at national and regional level may be initiated as a means of following-up on recommendations of such policy development activity.

### **The ICT Policy Support Programme**

Actions for promoting the adoption of Information and Communication Technologies (ICTs) in businesses, administrations and public sector services have mostly been carried out in the context of the eEurope initiative fostering coordination of Member States Actions<sup>22</sup>. These include Community funding for the eTEN (TEN Telecom) scheme<sup>23</sup>, which supports the validation and deployment of trans-European ICT-based services. It also comprises the eContent programme<sup>24</sup>, which aims at fostering the development of innovative European digital content and MODINIS, which provides direct support to benchmarking activities, studies, forums and promotion and awareness actions that help implement eEurope.

The uptake of ICTs by both the private and public sector is a key element in improving innovation performance and competitiveness. ICTs provide the backbone for the knowledge economy. They are also a catalyst for organisational change and innovation. In addition to being a high growth sector, ICTs represent a substantial and increasing part of the added value of all products and services. In the EU for instance, of around 1.4 % annual productivity growth between 1995 and 2000, it is estimated that around 0.7 % was due to ICTs.

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<sup>22</sup> Decision No 2256/2003/EC of the Parliament and of the Council.

<sup>23</sup> Decision No 1336/97/EC of the European Parliament and of the Council.

<sup>24</sup> Council Decision 2001/48/EC; this will be succeeded in 2005 by the eContentplus Programme.

ICTs help meet the growing demands for better healthcare (*eHealth*), for efficient education and lifelong learning (*eLearning*), for better quality of life in ageing, for more security and inclusion as well as better participation. ICTs enable public services and new digital content to be delivered more efficiently and in a more targeted, customised and accessible manner. However, investments in ICTs and the use of online services in Europe are lower and slower than our major competitors, especially in service sectors. Between 1995 and 2001, investment in IT capital goods ran at 1.6 % of GDP less than the US<sup>25</sup>. Although primary responsibility for investment programmes rests with business and national administrations; there is a Community role. The Telecom Council therefore called in December 2004 for a comprehensive policy on ICT. This was confirmed by the European Council of March 2005 which asked the Commission to prepare a new information society initiative.

The specific ICT Policy Support Programme will be one of the means to support actions identified in the new initiative called “i2010: European Information Society” as announced in the Communication from the Commission on a renewed Lisbon strategy of February 2005<sup>26</sup>. It will stimulate the wider uptake of ICT by citizens, businesses and governments and aim at intensifying the public investment in ICT. The programme will build on the lessons learned from the *eTen*, *eContent* and MODINIS programmes whilst improving synergies between them and improving their impact. The programme will support actions to develop the single European information space and to strengthen the internal market for information products and services. It will aim to stimulate innovation through a wider adoption of and investment in ICTs to develop an inclusive information society, more efficient and effective services in areas of public interest and to improve quality of life. It will also address the fragmentation of the European digital content market, supporting production and distribution of online European content and promoting Europe’s cultural and linguistic diversities, and will follow on from 2008 from the *eContent+* programme recently adopted by the Council and the European Parliament

Although most financial support for the deployment and best use of ICT comes from the private sector and the Member States, Community support enables, in particular, the development of common approaches and coordinated actions, the sharing of good practices and the deployment of interoperable solutions across the Union. It also plays also a key role in promoting a multilingual environment respectful of cultural diversity. Community action is also essential to ensure proper articulation with other EU policies including the regulatory frameworks for eCommunications and Television Without Frontiers as well as the internal market, employment, education and youth, sustainable development, security and trade policy.

### **The Intelligent Energy – Europe Programme**

The *Intelligent Energy – Europe* programme (2003-2006)<sup>27</sup> will be continued and enlarged under the CIP. Based on Article 175(1) of the Treaty, it is the Intelligent Energy – Europe Programme’s objective to support sustainable development as it relates to energy and to contribute to the achievement of the general goals of environmental protection, security of supply and competitiveness.

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<sup>25</sup> OECD (2003): ICT and economic growth.

<sup>26</sup> COM(2005) 24, 2.2.2005.

<sup>27</sup> Decision No 1230/2003/EC of the European Parliament and of the Council of 26 June 2003 - OJ L 176, 15.7.2003, p. 29.

Nearly 94 % of greenhouse gas emissions are attributable to energy consumption, and transport is responsible for 90 % of the increases in CO<sub>2</sub> emissions. Energy efficiency and renewable energy sources are essential to meeting Kyoto requirements and to reducing Europe's growing dependence on energy imports, which could reach almost 70 % in 2030. The Union has been working towards the ambitious target of a 12 % share of renewable energy in gross inland consumption by 2010<sup>28</sup> and to further reduce final energy consumption, but these targets will not be reached unless considerable extra action is taken at Member State and Community levels. The Union has set itself clear quantitative targets for the uptake of intelligent energy to be achieved by 2010. These include doubling the share of renewable energy sources in EU energy consumption to reach 12 %, increasing to 21 % the share of electricity generated by renewable sources, and increasing the share of bio-fuels up to 5.75 % in all petrol and diesel used for transport. A number of more qualitative targets are also to be achieved such as increased sales of energy efficient products/appliances and expand high-efficient cogeneration. Two important proposals have been made for Member States to extra reduce the amount of energy for final consumption by 1 % per year and for reduced energy consumption of energy-using products and a number of products complying to eco-design requirements.

In parallel to these legislative measures, the Community has been running programmes to help the implementation of Community legislation. The Intelligent Energy – Europe programme is the Community's non-technological programme in the field of energy focusing on the removal of non-technical barriers, the creation of market opportunities and raising awareness.

An ex-ante evaluation for the “Intelligent Energy – Europe” successor programme found that the current programme is cost effective and that the new programme should provide continuity.

The Intelligent Energy – Europe Programme under the CIP aims therefore to accelerate action in relation to the agreed Community strategy and targets in the field of sustainable energy, in particular: to facilitate the development and implementation of the energy regulatory framework; to increase the level of investment in new and best performing technologies and to increase the uptake and demand for energy efficiency, renewable energy sources and energy diversification, including in transport, through awareness and knowledge raising among key actors in the EU. The programme will help to bridge the gap between the successful demonstration of innovative technologies and their effective introduction to the market to achieve mass deployment. It will help to strengthen the administrative capacity both to develop strategies and policies and to implement existing regulations, particularly with regard to the new Member States. The programme will also aim at sustainable economic growth with job creation, greater social cohesion and higher quality of life, while preventing waste of natural resources.

The programme will be structured in three specific fields: (i) energy efficiency and the rational use of energy, in particular in the building and industry sectors ('SAVE'); (ii) new and renewable energy sources for centralised and decentralised production of electricity and heat and their integration into the local environment and the energy systems ('ALTENER'); (iii) energy aspects of transport, the diversification of fuels, such as through new developing and renewable energy sources, and renewable fuels and energy efficiency in transport

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<sup>28</sup> Communication from the Commission “The share of renewable energy in the EU” - COM(2004) 366, 26.5.2004.

(‘STEER’). Moreover the Programme will provide funding for horizontal initiatives integrating energy efficiency and renewable energy sources in several sectors of the economy and/or combining various instruments, tools and actors within the same action or project.

The international dimension of the Intelligent Energy Programme (‘COOPENER’) will be continued in the frame of the new external assistance instruments proposed by the Commission in September 2004<sup>29</sup>.

Two main sorts of projects will be supported: on the one hand promotion and dissemination projects, which are supposed to promote favourable general conditions for sustainable energy technologies including administrative structures, general awareness, horizontal and vertical cooperation and networking as well as better implementation of the regulatory framework; on the other hand replication projects fostering systematically the deployment of new sustainable energy technologies.

Regarding the implementation and management of the programme, the Commission is considering extending the term of the newly created ‘Intelligent Energy Executive Agency’, and delegating to this body those programme management tasks that do not involve political choices.

### **3. MANAGEMENT OF THE NEW COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME**

Although the component programmes of the CIP will be served by their own management committees and establish their own work programmes, the CIP will provide a coherent approach to overarching objectives. Implementation instruments will often serve more than one programme, making them clearer for users. The CIP will therefore be simpler than the current arrangements where multiple funding schemes and instruments coexist.

For example:

- **Community financial instruments** will support SMEs in traditional sectors, and those investing in ICTs, innovation and environmental technologies.
- **Business and innovation support services** will play an important role in ensuring SMEs’ access to information relating to the functioning and opportunities of the internal market, providing feedback from SMEs for policy development and impact assessments, and helping enterprises co-operate across borders. But they will also disseminate information and raise awareness of innovation-related policies, legislation, and support programmes, promote the exploitation of results of research programmes and provide brokerage services for technology and knowledge transfer, and for partnership building between innovation actors<sup>30</sup>.

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<sup>29</sup> Communication on the instruments for external assistance under the Future Financial Perspective 2007-2013 - COM(2004) 626; proposal for a Regulation establishing an instrument for Pre-accession Assistance (IPA) - COM(2004) 627; proposal for a Regulation laying down general provisions establishing a European Neighbourhood and Partnership instrument - COM(2004) 628; proposal for a Regulation establishing a financial instrument for development cooperation and economic cooperation - COM(2004) 629.

<sup>30</sup> Including CORDIS innovation services.

- **Networking between stakeholders** will be central to the programme. It facilitates the flow of knowledge and ideas, which is in itself a crucial condition for innovation.

Certain tasks relating to the specific programmes are planned to be indirectly managed by the Commission via the use of new and/or adaptation of existing executive agencies. This applies in particular to projects in the field of energy which will be managed and implemented by the extended ‘Intelligent Energy Executive Agency’. The Community financial instruments for SMEs will mainly be managed by the EIF. Cooperation with international financial institutions will involve international development banks such as the European Bank for Reconstruction and Development (EBRD).

#### **4. CONSISTENCY WITH OTHER POLICIES**

##### **The CIP, the Structural Funds and Rural Development**

The regional dimension is essential to improving European competitiveness and innovation. The Commission’s proposed new cohesion policy addresses persistent regional disparities in these fields by making competitiveness and innovation an explicit and central basis for Structural Fund intervention in the “Convergence” and “Regional competitiveness and employment” Objectives. In addition, the Commission will propose Community Strategic Guidelines on cohesion, which will set out how EU-level priorities – including competitiveness and innovation – should be taken into account by the national and regional authorities responsible for managing structural funds. The Guidelines will be an opportunity to strongly encourage managing authorities to pursue investments that are complementary to EU competitiveness and innovation policy. If these objectives are to be met efficiently and effectively, interventions must be based on an understanding of SME needs, effective policies for boosting enterprise and entrepreneurship, innovation and ICT use, investments in environmental technologies, energy use, good practice in debt and equity instruments, and in technology transfer.

Similar considerations hold for many interventions of the new Rural Development Policy. Following its core objectives – improved competitiveness of the agro-food chain, sustainable land management, economic diversification and local development – it contributes to rural areas throughout the EU to sustainable development, growth and employment. A particular accent is put on innovation. Most enterprises in rural areas are SMEs, with a high proportion of micro and small enterprises for which access to innovation and ICT is vital.

Regions eligible for the convergence objective of the Structural Funds are encouraged to take part in exchanges organized in the context of the CIP, so that their specific situations are taken into account in the identification of good practices adapted to their needs.

Where the CIP identifies and promotes best practice and excellence in these fields, cohesion funds as well as the new Rural Development Fund should ideally be used by national and regional authorities as the main instrument to bring those who are lagging behind up to these levels of excellence; boosting regional competitiveness and innovation and thereby reducing disparities. Proposals for regional funding will be developed by regional bodies to meet their own needs and ambitions (as befits the reinforced principles of subsidiarity and proportionality). Therefore care must be taken not to compromise the cohesion principle or conflict with the bottom-up governance structure of the Structural Funds. However, Member States and regions should be actively encouraged by the CIP to ensure that ERDF and

EARDF supported measures follow best practice examples in the field, as developed and identified in the context of CIP actions, in particular through networking activities.

### **The CIP and FP7-RTD**

Competitiveness and Innovation in Europe will be supported not just by the 7<sup>th</sup> Framework Programme for Research, Technological Development and Demonstration (FP7-RTD), as well as by the CIP. These programmes will be complementary and mutually reinforcing in their support of the Lisbon goals.

The CIP will address both technological as well as non-technological aspects of innovation. With respect to technological innovation, it will focus on the downstream parts of the research and innovation process. More specifically, it will promote innovation support services for technology transfer and use, projects for the implementation and market take-up of existing new technologies in fields like ICT, energy and environmental protection<sup>31</sup>, as well as the development and coordination of national and regional innovation programmes and policies. It will also improve the availability and access of innovative SMEs to external sources of financing, including for R&D and innovation activities and promote the participation of SMEs in the FP7-RTD.

For its part, the FP7-RTD will continue and strengthen support of trans-national cooperation in research, technological development and demonstration, in particular between enterprises and public research organisations, of specific RTD schemes in favour of SMEs, and of researcher's mobility between firms and academia. In doing so, it will focus more on the technological innovation needs of industry and introduce new actions, in the form of joint technological initiatives in key areas of industrial interest. It will also further promote the dissemination and use of research results within projects and in specific thematic fields as well the coordination of national research programmes and policies. Support of trans-national cooperation between research-driven regional clusters will complement similar activities of the CIP focussing on regional innovation actions and policies.

### **The CIP and Lifelong Learning**

Education and training are essential for ensuring that Europe's human capital is kept up to date with the skills and knowledge necessary for innovation. A highly skilled workforce responds better to the quickly changing demands of enterprise and finds it easier to move to new jobs. Education and training also contributes to the diffusion of knowledge and to the process whereby organisations learn from their experiences and improve their processes, products and services. Europe needs more and better investment in education and training, and the adoption of the proposed 'Integrated Action Programme in the field of Lifelong Learning'<sup>32</sup> will help to promote entrepreneurship, support continuous vocational education and training and help organisations to become 'learning organisations'.

The European Social Fund (ESF) will also support as a priority lifelong learning systems as part of its priority to increase adaptability of workers and enterprises, in particular by

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<sup>31</sup> One concrete example for this is the Galileo project, where innovative SMEs could develop applications offered by the Galileo satellite positioning system for logistics, transport, safety or security purposes.

<sup>32</sup> COM(2004) 474.

promoting increased investment in human resources by enterprises, especially SMEs, and workers.

The CIP, the ESF and the Lifelong Learning programme, in particular the actions under Leonardo da Vinci are thus mutually supportive.

Actions to support digital literacy will take into account the policy work on basic competences being carried out under the auspices of 'Education and Training 2010' and the support offered for digital literacy under the 'Lifelong Learning programme'.

### **The CIP and Trans-European networks**

It is vital for competitiveness and socio-economic cohesion in European Union that the Trans-European Networks for Transport, Energy and Telecommunications be completed and in operation. Access to the networks is a factor of key importance underpinning success for SMEs within the single market, as recalled by Article 154 of the Treaty. The CIP and the policy on Trans-European Networks reinforce each other by helping to foster competitiveness for business: for example, the Intelligent Energy – Europe programme will support more rational, efficient, and sustainable patterns in energy use, by identifying and removing administrative, communications, and other non-technological barriers. CIP will thus facilitate interconnection with, and access to the Trans-European Energy Network.

## **5. CONSULTATIONS AND IMPACT ASSESSMENT**

The Commission's proposal for CIP has undergone an impact assessment and public consultation. Stakeholders' views on the proposed CIP were collected from December 2004 to February 2005 on the basis of a consultation document. This focused on the benefits and added value of bringing together the different elements into a single programme, and on how the programme will relate to other Community measures on competitiveness and innovation. Stakeholder consultations for some of the specific components of the CIP have been carried out separately.

The idea of creating a framework for actions to boost competitiveness and innovation received generally positive feed-back, although some feared that the identity, visibility and political focus of individual programmes might be weakened. The main objectives of the programme were also overwhelmingly supported, particularly its support for innovation. Respondents concurred that there was a clear need for European level intervention in these areas, notwithstanding the primary responsibility of Member States. The majority of stakeholders saw the proposed framework programme as an opportunity for making the component programmes of CIP more user-friendly and easily accessible to SMEs.

The consultation process raised many useful comments and suggestions; these were, however more relevant to programming and implementation stages, rather than the legal act and will be taken into account at the appropriate time.

## 6. SUBSIDIARITY AND PROPORTIONALITY

In accordance with its legal bases, the programme will address the challenges identified in a proportionate way and in accordance with the subsidiarity principle<sup>33</sup>. All of the fields covered in the CIP are the shared responsibility of the Member States and the Community<sup>34</sup>. The CIP will only intervene where there is a demonstrable European added value in working through Community instruments to improve delivery at national and subnational levels or for achieving Community goals. The management committees established for components of the programme will ensure that the activities supported by it are in line with Member States' priorities. Proportionality will primarily be ensured by targeting intervention on market failures.

The *programme instruments* are also in line with the principles of subsidiarity and proportionality:

- Community financial instruments for SMEs will provide additional leverage to national instruments with the backing of the EIF's AAA rating. Proportionality of these instruments is ensured by providing leverage through market-based intermediaries. They will address problems that continue to occur despite the integration of the market for financial services due to recognised and persistent market failures, and they will complement other (own-resource based) interventions by the EIF as well as the activities of other international financial institutions. The European dimension will ensure diffusion of good practice in the delivery of such instruments, and also stimulate coordinated activities. In many Member States such provision is deficient and access to suitable finance remains an obstacle to entrepreneurship, innovation, information society development and the development and application of environmental technologies.
- Community support for European business and innovation support services will help partner organisations operating in the Member States to provide SMEs with additional business and innovation support services and to foster business cooperation throughout the EU. With a common support structure, individual centres will be able to offer decentralised information and advisory services. Proportionality is ensured by cooperating with partner organisations that are well integrated into the economic life of their region.
- Policy Development actions, such as exchanges of experience, benchmarking and coordination of national policies, will assist authorities in improving their policy approaches to conditions for entrepreneurship, SME development, innovation, eco-innovation and development and adoption of ICTs. Such exchanges are part of the open method of coordination and are used as a tool for helping national authorities to improve their own policy responses. They may be followed up through twinning actions whose Community added value derives from their cross-border nature.
- The major support for business innovation projects in Europe stems from national and regional programmes and schemes. However, the programmes are still fragmented along national and regional lines and therefore often cannot draw on the

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<sup>33</sup> Article 5 of the EC Treaty and the Protocol on the application of the principles of subsidiarity and proportionality, annexed to the Amsterdam Treaty.

<sup>34</sup> The legal bases of CIP are Articles 156, 157(3) and 175(1) of the Treaty.

creative potential available in other EU countries. Support for teaming up national and regional business innovation programmes addresses this problem, in particular through exchanges and promotion of best practice.

- Shared cost projects such as implementation, pilot and market replication projects will aim to encourage innovation, networking among stakeholders, and the transfer and market-take up of new technologies, often on a cross-border basis. Financial assistance allocated to such projects will be established on the basis of the Community added value of the action and in accordance with the objectives and work programme of the relevant programme.

## **7. BUDGETARY IMPLICATIONS**

The “legislative financial statement” presented with this Decision sets out the indicative budgetary implications. It is compatible with the financial programming for the period 2007-2013 as proposed by the Commission<sup>35</sup>.

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<sup>35</sup> COM(2004) 101, 26.2.2004

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a Competitiveness and Innovation Framework Programme  
(2007-2013)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 156, Article 157(3) and Article 175(1) thereof,

Having regard to the proposal from the Commission<sup>1</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Having regard to the opinion of the Committee of the Regions<sup>3</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty<sup>4</sup>,

Whereas:

- (1) The Lisbon European Council of March 2000 set the objective of making Europe the most competitive and dynamic knowledge-based economy in the world. It emphasized the importance of creating a climate favourable to small and medium-sized enterprises (SMEs), and considered it important to disseminate best practice and ensure greater convergence between Member States. The Gothenburg European Council of June 2001 defined the Community Strategy for Sustainable Development to ensure that economic growth, social inclusion and environmental protection go hand in hand. Enterprises' production patterns play an important role in sustainable development.
- (2) In order to contribute to the enhancement of competitiveness and innovation capacity in the Community, the advancement of the knowledge society, and sustainable development based on balanced economic growth, a Competitiveness and Innovation Framework Programme (hereinafter "the Framework Programme") should be established.
- (3) This is in line with the Communication from the Commission to the Spring European Council entitled "Working together for growth and jobs – a new start for the Lisbon Strategy"<sup>5</sup>, which calls for actions to deliver growth and competitiveness and to make

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> OJ C , , p. .

<sup>3</sup> OJ C , , p. .

<sup>4</sup> OJ C , , p. .

<sup>5</sup> COM(2005) 24, 2.2.2005

Europe a more attractive place to invest and work, recalling that entrepreneurial initiative must be stimulated, sufficient risk capital attracted to start up businesses, and a strong European industrial base sustained whilst innovation and notably eco-innovation, that is, innovation related to or using environmental technologies, the uptake of information and communication technologies (ICT) and the sustainable use of resources should be promoted. Whilst competitiveness is to a large measure driven by vibrant business operating in open and competitive markets and supported by the right framework conditions, in particular by a regulatory framework conducive to innovation, Community financing has a role to play in leveraging support and providing complementary funding in order to tackle situations of market failure.

- (4) The Framework Programme should bring together those specific Community measures in the field of entrepreneurship, SMEs, industrial competitiveness, innovation, information and communication technology (ICT), environmental technologies and intelligent energy that, until now, have been regulated by Council Decision 96/413/EC of 25 June 1996 on the implementation of a Community action programme to strengthen the competitiveness of European industry<sup>6</sup>, Council Decision 2000/819/EC of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for SMEs<sup>7</sup>, Regulation (EC) No 1655/2000 of the European Parliament and of the Council of 17 July 2000 concerning the Financial Instrument for the Environment (LIFE)<sup>8</sup>, Decision No 2256/2003/EC of the European Parliament and of the Council of 17 November 2003 on a multiannual programme for the monitoring of the eEurope 2005 action plan, dissemination of good practices and the improvement of network and information security<sup>9</sup>, Council Decision 2001/48/EC of 22 December 2000 on a multiannual Community programme to stimulate the development and use of European digital content on the global networks and to promote linguistic diversity in the information society<sup>10</sup>, Decision No 1336/97/EC of the European Parliament and of the Council of 17 June 1997 on a series of guidelines for trans-European telecommunications networks<sup>11</sup> and Decision No 1230/2003/EC of the European Parliament and of the Council of 26 June 2003 on a multiannual programme for action in the field of energy: ‘Intelligent Energy – Europe’ to support sustainable development in the energy context<sup>12</sup>.
- (5) The Framework Programme establishes a set of common objectives, the total budgetary envelope for pursuing those objectives, different types of implementing measures, and the arrangements for monitoring and evaluation and for the protection of the Communities’ financial interests.

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<sup>6</sup> OJ L 167, 6.7.1996, p. 55.

<sup>7</sup> OJ L 333, 29.12.2000, p. 84. Decision as last amended by Decision No 593/2004/EC (OJ L 268, 16.8.2004, p.3)

<sup>8</sup> OJ L 192, 28.7.2000, p.1. Regulation as last amended by Regulation (EC) No 1682/2004 (OJ L 308, 5.10.2004, p. 1).

<sup>9</sup> OJ L 336, 23.12.2003, p.1.

<sup>10</sup> OJ L 14, 18.1.2001, p. 32.

<sup>11</sup> OJ L 183, 11.7.1997, p. 12. Decision as last amended by Decision No 1376/2002/EC (OJ L 200, 30.7.2002, p. 1).

<sup>12</sup> OJ L 176, 15.7.2003, p. 29 .

- (6) The Framework Programme should exclude research and technological development activities carried out in accordance with Article 166 of the Treaty and should be complementary to the Community framework programme for research and technological development established in Decision [...] of the European Parliament and of the Council of ...<sup>13</sup>.
- (7) The common objectives of the Framework Programme should be pursued by specific programmes entitled “the Entrepreneurship and Innovation Programme”, “the ICT policy support Programme”, and “the Intelligent Energy – Europe Programme”.
- (8) This Decision establishes a financial framework for the entire duration of the programme, which is to be the principal point of reference for the budgetary authority within the meaning of point 33 of the inter-institutional agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>14</sup>.
- (9) A specific and indicative budget should be reserved for each specific programme.
- (10) In order to ensure that financing be limited to tackling market failures, and with a view to avoiding market distortions, funding from the Framework Programme should comply with the Community State aid rules and the accompanying instruments and the Community definition of SMEs in place.
- (11) The Agreement on the European Economic Area (EEA) and the additional protocols to the Association Agreements provide for the participation of the respective countries in Community programmes. Participation by other countries should be possible when agreements and procedures so allow.
- (12) The Framework Programme and the specific programmes should be regularly monitored and evaluated in order to allow for readjustments.
- (13) Appropriate measures should also be taken to prevent irregularities and fraud and the necessary steps should be taken to recover funds lost, wrongly paid or incorrectly used in accordance with Council Regulations (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests<sup>15</sup>, (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<sup>16</sup> and Regulation (EC) No 1073/1999 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF)<sup>17</sup>.
- (14) The growth and competitiveness of enterprises in industrial and service sectors depends on their ability to adjust quickly to change and to exploit their innovative potential. This challenge concerns enterprises of all size, but is particularly acute for

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<sup>13</sup> OJ L

<sup>14</sup> OJ C 172, 18.6.1999, p.1.

<sup>15</sup> OJ L 312, 23.12.1995, p. 1.

<sup>16</sup> OJ L 292, 15.11.1996, p.2.

<sup>17</sup> OJ L 136, 31.5.1999, p. 1.

smaller enterprises. It is therefore appropriate to establish a specific programme, entitled “the Entrepreneurship and Innovation programme”.

- (15) The Community can be the catalyst and coordinator of Member States’ efforts. It can contribute to, and complement their achievements, in particular by promoting the exchange of national and regional experiences and practices, by defining and disseminating best practices, and by contributing to the availability of European wide supply of services in support of business and innovation, in particular for SMEs.
- (16) The Communication from the Commission to the Council and the European Parliament on ‘Stimulating Technologies for Sustainable Development: An Environmental Technologies Action Plan for the European Union’<sup>18</sup> calls for Community programmes to support the development and uptake of environmental technologies and calls for the mobilisation of financial instruments to share the risks of investing in environmental technologies.
- (17) Market-based Community financial instruments for SMEs complement and add leverage to financial schemes at the national level. They can foster private investment for the creation of new innovative companies, and they can support companies with a high growth potential in their expansion phase to reduce a recognised equity gap. They can improve access of existing SMEs to loan finances for activities that support their competitiveness and growth potential.
- (18) The European Investment Fund (EIF) is the Community’s specialised vehicle for providing risk capital and guarantee instruments for SMEs. It contributes to the pursuit of Community objectives, including a knowledge-based society, innovation, growth, employment and the promotion of entrepreneurial spirit. The EIF ensures the required continuity in the management of Community programmes and has gathered extensive experience therein. The operation by the EIF of Community financial instruments for SMEs on behalf of the Commission has therefore been considered a good practice by independent evaluations. The EIF has also the expertise to support emerging actions based on public-private partnerships launched by Member States aiming at attracting high-risk investment streams from the capital markets to the benefit of innovative small businesses.
- (19) Impending changes in the financial environment and new accounting standards make financial institutions more sensitive to risk, lead to a rating culture, and may tighten the credit supply to SMEs, at least during a transitional phase. The Entrepreneurship and Innovation programme should therefore respond to the changing financing needs of SMEs, including the need for proximity financing and their adaptation to the new financial environment whilst avoiding market distortions.
- (20) Services in support of business and innovation play an important role in ensuring SMEs’ access to information relating to the functioning and opportunities of the internal market for goods and services as well as in the trans-national transfer of innovation, knowledge and technology. They also have a crucial role to play in facilitating SME’s access to information on Community legislation applying to them and on future legislation to which they can prepare and adapt in a cost-effective way.

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<sup>18</sup> COM(2004) 38, 28.1.2004.

External evaluations have stressed that the horizontal role in the delivery of European business support services should be strengthened. This concerns the dissemination of information on Community programmes and the promotion of the participation of SMEs in those programmes, in particular SME participation in the Community framework programme for research, technological development and demonstration. Evaluations have also stressed the importance of facilitating interaction between the Commission and SMEs.

- (21) The Community must equip itself with a sound analytical basis to support policy making in the fields of SMEs, entrepreneurship, innovation and competitiveness in industrial sectors. Such a basis should add value to the information available at the national level in these fields. The Community should provide for the common development of competitiveness strategies for industrial and service sectors, and for the promotion of best practices in relation to an entrepreneurial environment and culture, including corporate social responsibility and equal gender opportunity, and to promote the emergence of young entrepreneurs
- (22) The European Council of 20 and 21 March 2003 gave priority to innovation and entrepreneurship and stressed the need for Europe to do more to turn ideas into real value-added. It called for further action in order to create the conditions in which business innovates. The linear model of innovation, that assumes that research leads directly to innovation, has proved to be insufficient to explain innovation performance and to design appropriate innovation policy responses. Recognising that enterprises are at the heart of the innovation process, funding to stimulate innovation activities of enterprises and preparing the market-take up of innovation as well as innovation governance and culture should therefore be placed under the Entrepreneurship and Innovation programme. This should help to ensure that innovation works to promote competitiveness and is carried through into practical application at a business level. The European Council of 25 and 26 March 2004 added that clean technologies are vital to fully exploit synergies between enterprise and the environment. The promotion of eco-innovation, which includes innovative clean technologies, can help exploit their potential.
- (23) The market for knowledge transfer and absorption is frequently opaque, and lack of information or failure to make connections creates market barriers. Businesses also find it difficult to incorporate technologies which are not part of their traditional field of activity and to access new types of skills. Financial risks can be high for innovation, profitability may be delayed by development hitches and tax may not be neutral between success and failure. Skills needed to exploit opportunities may be in short supply. Institutional or regulatory obstacles can delay or undermine the emergence of new markets and access to them. In addition, economic circumstances can determine whether innovation takes place or not.
- (24) Those barriers to the market penetration of innovation technologies are particularly relevant for environmental technologies. Market prices too often do not completely reflect the environmental costs of products and services. The part of the costs not reflected in market prices are borne by society as a whole, rather than by the producers of pollution. This market failure, together with the Community interest in preserving resources, preventing pollution and protecting the environment more cost-efficiently, justifies reinforced support for eco-innovation.

- (25) The Community's innovation actions aim to support the development of innovation policy in the Member States and their regions and to facilitate the exploitation of synergy effects between national, regional and European innovation policy and support activities. The Community is able to facilitate trans-national exchanges, mutual learning and networking and can drive co-operation on innovation policy. Networking among stakeholders is the key to facilitating the flow of knowledge and ideas that are necessary for innovation.
- (26) The Council resolution endorsed at the Telecom Council of 9 December 2004 provides the basis for the proposal of a new information society initiative to reinforce the contribution of the information society to Europe's performance. In its Communication on a new start for the Lisbon strategy, the Commission proposes to focus efforts on "delivering stronger and lasting growth and creating more and better jobs". It highlights the uptake of ICT by both the private and public sector as a key element to improve our innovation performance and competitiveness. A specific programme entitled "the ICT policy support Programme" should therefore be established.
- (27) ICT provide the backbone for the knowledge economy. They account for around half of the productivity growth in modern economies and provide unique solutions to address the key societal challenges. The improvement of public sector and general interest services needs to be conducted in close collaboration with the relevant Community policies, for example, in the fields of public health, education and training, environment, transport and internal market development and competition.
- (28) The deployment and best use of innovative ICT based solutions should be stimulated, in particular for services in areas of public interest. Community support should also facilitate the coordination and the implementation of actions for developing the Information society across the Member States.
- (29) The midterm evaluation of the eTEN (Trans European Network for Telecom) programme recommends using a demand driven approach for Community intervention to projects supporting trans-European services in areas of public interest.
- (30) The eGovernment<sup>19</sup> and eHealth<sup>20</sup> Communications from the Commission and related Council conclusions, call for increased effort in innovation, good practise exchange, interoperability and identified the need for increased synergies between related EU programmes.
- (31) A legislative framework has been defined to deal with the challenges of digital content in the Information Society. This is defined in Directive 2003/98/EC of the European Parliament and of the Council of 17 November 2003 on the re-use of public sector information<sup>21</sup>, Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in

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<sup>19</sup> COM(2003) 567.

<sup>20</sup> COM(2004) 356.

<sup>21</sup> OJ L 345, 31.12.2003, p. 90.

the information society<sup>22</sup> and Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases<sup>23</sup>.

- (32) Different practices among Member States continue to create technical barriers impeding wide access and re-use of public sector information in the Community.
- (33) Community actions concerning digital content should take account of the Community's multilingual and multicultural specificity.
- (34) Natural resources, the prudent and rational utilisation of which is provided for in Article 174 of the Treaty, include, apart from renewable energy sources, oil, natural gas and solid fuels, which are essential energy sources but are also the main sources of carbon dioxide emissions.
- (35) The Green Paper entitled "Towards a European strategy for the security of energy supply"<sup>24</sup> noted that the European Union is becoming increasingly dependent on external energy sources and that its dependence could rise to 70 % in 20-30 years' time. It therefore stressed the need to balance supply policy against clear action for a demand policy and called for better managed and more environmentally friendly consumption, particularly in the transport and building sectors. It also called for priority to be given the development of new and renewable sources on the energy supply side in order to respond to the challenge of global warming and to achieve the target already established by earlier action plans and resolutions of 12 % energy from renewable energy sources in gross internal consumption by 2010.
- (36) Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal energy market<sup>25</sup> requires Member States to set national indicative targets consistent with the Community global indicative target of 12 % of gross national energy consumption by 2010 and in particular with the 21 % indicative share of electricity produced from renewable energy sources in total Community electricity consumption by 2010. The Commission Communication entitled 'The share of renewable energy in the EU'<sup>26</sup>, warned that the target of a 12 % share of renewable energy in overall energy consumption in the Community in 2010 will not be reached unless considerable extra action is taken.
- (37) Directive 2002/91/EC of the European Parliament and of the Council of 16 December 2002 on the energy performance of buildings<sup>27</sup> requires Member States to apply minimum energy performance requirements for new and existing buildings, to ensure the energy certification of buildings and to require the regular inspection of boilers and of air-conditioning systems in buildings.

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<sup>22</sup> OJ L 167, 22.6.2001, p. 10.

<sup>23</sup> OJ L 77, 27.3.1996, p. 20.

<sup>24</sup> COM(2000) 769, 29.11.2000.

<sup>25</sup> OJ L 283, 27.10.2001, p. 33.

<sup>26</sup> COM(2004) 366, 26.5.2004.

<sup>27</sup> OJ L 1, 4.1.2003, p. 65.

- (38) Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport<sup>28</sup> requires Member States to ensure that a minimum proportion of biofuels and other renewable fuels is placed on their market.
- (39) Directive 2004/8/EC of the European Parliament and of the Council of 11 February 2004 on the promotion of cogeneration based on a useful heat demand in the internal energy market and amending Directive 92/42/EEC<sup>29</sup> requires Member States to carry out analyses of their potential for high-efficiency cogeneration and to set up support schemes in conformity with the identified national potentials.
- (40) In order to facilitate the implementation of these Community measures, to achieve greater market penetration for renewable energy sources and to improve energy efficiency, there is a need for specific promotion programmes at Community level to create the conditions for moving towards sustainable energy systems, in particular to support the standardisation of equipment which produces or consumes renewable energy sources, to increase technology deployment and to spread best practices in demand side management. The same applies to the Community measures related to the labelling of energy efficiency of electrical, electronic, office and communications equipment and the standardisation of lighting, heating and air-conditioning equipment. A specific programme entitled “The Intelligent Energy- Europe Programme” should therefore be established.
- (41) Achieving the full impact of the established strategy in sustainable energy requires not only continuity with the Community support to policy development and implementation and removal of existing non-technological barriers through enhanced promotion campaigns, but and above all, support to accelerate investment and stimulate the market uptake of innovative technologies across the Community.
- (42) Alongside environmental advantages, renewable energy sources and energy efficiency are within the fastest growing industries in the Community, creating new and innovative jobs. The European renewable energy industry leads the world in the development of technologies for renewable energy electricity generation. They benefit economic and social cohesion and avoid the dissipation of resources.
- (43) Decision No 1230/2003/EC of the European Parliament and of the Council of 26 June 2003 adopting a multiannual programme for action in the field of energy ‘Intelligent Energy – Europe’ (2003-2006)<sup>30</sup> will expire on 31 December 2006.
- (44) Three of the four specific fields of the programme established by Decision No 1230/2003/EC should be continued under this programme. These are: (i) promoting energy efficiency and the rational use of energy resources (‘SAVE’); (ii) promoting new and renewable energy sources (‘ALTENER’); and (iii) promoting energy efficiency and the use of new and renewable energy sources in transport (‘STEER’).

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<sup>28</sup> OJ L 123, 17.5.2003, p. 42.

<sup>29</sup> OJ L 52, 21.2.2004, p. 50.

<sup>30</sup> OJ L 176, 15.7.2003, p. 29.

- (45) The international dimension ('COOPENER') of the programme established by Decision No 1230/2003/EC should be continued in the framework of the new Community instruments for external assistance<sup>31</sup>.
- (46) In accordance with the principles of good governance and better regulation, the Commission has commissioned independent experts to carry out an ex-ante evaluation of a renewed multiannual Community programme in the field of energy to succeed the ongoing Intelligent Energy – Europe programme after 31 December 2006. In their report, the experts concluded on the necessity to ensure the continuity of the programme 'Intelligent Energy – Europe' after 2006, and to renew it into a more comprehensive and ambitious instrument.
- (47) Since the objectives of the actions to be taken concerning the enhancement of the Community's competitiveness and innovation cannot be sufficiently achieved by the Member States because of the need for multilateral partnerships, trans-national mobility and Community-wide exchanges of information, and can therefore, by reason of the nature of the actions and measures necessary, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives.
- (48) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>32</sup>.
- (49) Taking into account the nature of the issues to be dealt with under the specific programmes, the Commission should be assisted by different committees for the implementation of each specific programme.
- (50) Decision [xxx] of the European Parliament and of the Council establishes a multiannual programme, named *eContentplus*, to make digital content in Europe more accessible, usable and exploitable. That Decision will expire at the end of 2008. Thereafter measures foreseen to make digital content in Europe more accessible, usable and exploitable should be continued under the ICT policy support Programme established by this Decision<sup>33</sup>.
- (51) The measures provided for in Decision 96/413/EC should be integrated into the Entrepreneurship and Innovation programme. Decision 96/413/EC should therefore be repealed,

HAVE DECIDED AS FOLLOWS:

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<sup>31</sup> OJ C 64, 16.3.2005, p. 4.  
<sup>32</sup> OJ L 184, 17.7.1999, p. 23.  
<sup>33</sup> OJ L

# TITLE I COMMON PROVISIONS

## Chapter I The Competitiveness and Innovation Framework Programme

### *Article 1* **Establishment**

1. A framework programme for Community action in the field of competitiveness and innovation, covering the period from 1 January 2007 until 31 December 2013, hereinafter ‘the Framework Programme’, is hereby established.
2. The Framework Programme shall contribute to the competitiveness and innovative capacity of the Community as an advanced knowledge society, with sustainable development based on balanced economic growth and a highly competitive social market economy with a high level of protection and improvement of the quality of the environment.
3. The Framework Programme shall not cover research and technological development activities carried out in accordance with Article 166 of the Treaty.

### *Article 2* **Objectives**

1. The Framework Programme shall have the following objectives:
  - (a) to foster the competitiveness of enterprises and in particular Small and Medium sized Enterprises (SMEs);
  - (b) to promote innovation including eco-innovation;
  - (c) to accelerate the development of a competitive, innovative and inclusive Information Society;
  - (d) to promote energy efficiency and new and renewable energy sources in all sectors including transport.
2. The objectives of the Framework Programme shall be pursued through the implementation of the following specific programmes established in Title II, hereinafter ‘the specific programmes’:
  - (a) the Entrepreneurship and Innovation Programme;
  - (b) the ICT policy support Programme;

- (c) the Intelligent Energy-Europe Programme.

### *Article 3*

#### **Budget**

1. The financial reference amount for the implementation of the Framework Programme shall be EUR 4 212.6 million.
2. An indicative budgetary breakdown for the specific programmes is set out in Annex I.
3. Annual appropriations shall be authorised by the budgetary authority within the limit of the financial perspective.

### *Article 4*

#### **Participation of third countries**

The Framework Programme shall be open to the participation of:

- (a) EFTA countries which are members of the EEA, in accordance with the conditions laid down in the EEA Agreement;
- (b) candidate countries benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of these countries in Community programmes established in the respective Framework Agreement and Association Council Decisions;
- (c) countries of the Western Balkans, in accordance with the provisions to be determined with those countries following the establishment of framework agreements concerning their participation in Community programmes;
- (d) other third countries, when agreements so allow.

## **Chapter II**

### **Implementation of the Framework Programme**

### *Article 5*

#### **Work programmes**

1. The Commission shall adopt annual work programmes for the specific programmes in accordance with the procedure referred to in Article 46(2).

The Commission shall ensure their implementation.

2. Amendments to the annual work programmes referred to in paragraph 1 concerning budgetary allocations of more than EUR 1 million shall be adopted in accordance with the procedure referred to in Article 46(2).

*Article 6*  
**Type of implementing measures**

1. The measures for the implementation of the work programmes shall be, in particular:
  - (a) Community financial instruments for SMEs;
  - (b) networks bringing together a variety of stakeholders;
  - (c) pilot projects, market replication, projects and other measures to support the take-up of innovation;
  - (d) policy analyses, development and coordination with participating countries;
  - (e) information sharing, dissemination and awareness raising;
  - (f) support to joint actions of Member States or regions;
  - (g) procurement based on technical specifications elaborated in cooperation with the Member States;
  - (h) twinning between authorities at national and regional level.
2. These and additional implementing measures, as set out in section 2 of Chapters I, II and III of Title II, may be applied to any of the specific programmes, if the relevant work programme so provides.
3. The funding granted shall fully comply with the Community state aid rules and the accompanying instruments.

*Article 7*  
**Technical assistance**

The budgetary envelope established under this Decision may also cover expenditure related to preparatory actions, monitoring, control, audit and evaluation directly necessary for the implementation of this Decision and for the achievement of its objectives.

Those actions may, in particular, include studies, meetings, information activities, publications, expenditure on informatics tools, systems and networks for the exchange and processing of information, and any other expenditure on technical, scientific and administrative assistance and expertise to which the Commission may need to have recourse for the purposes of the implementation of this Decision.

*Article 8*  
**Monitoring and evaluation**

1. The Commission shall regularly monitor the implementation of the Framework Programme and its specific programmes.

The Commission shall establish an annual implementation report for each specific programme regarding the supported activities by means of financial implementation, results and impacts.

2. The Framework Programme and its specific programmes shall be subject to interim and final evaluations which shall examine issues such as relevance, coherence and synergies, effectiveness, efficiency, sustainability and utility.

The interim evaluations may also include ex-post evaluation elements with regard to previous programmes.

3. The interim and final evaluations of the specific programmes and the necessary budgetary allocations shall be included in the respective work programmes.

The interim and final evaluation of the Framework Programme and the necessary budgetary allocations shall be included in the work programme for the specific programme “Entrepreneurship and Innovation Programme”, established in Chapter I of Title II

4. The interim evaluation of the Framework Programme shall be completed by 31 December 2009, the final evaluation by 31 December 2011.

The interim and final evaluations of the specific programmes shall be arranged in such a way that their results can be taken into account in the interim and final evaluation of the Framework Programme.

5. The Commission shall communicate the main results of the interim and final evaluations of the Framework Programme and of its specific programmes to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

#### *Article 9*

#### **Protection of the Communities’ financial interests**

1. The Commission shall ensure that, when actions financed under this Decision are implemented, the financial interests of the Community are protected by the application of measures to prevent fraud, corruption and any other illegal activities, by effective checks and by the recovery of amounts unduly paid and, if irregularities are detected, by effective, proportional and dissuasive penalties, in accordance with Regulation (EC, Euratom) No 2988/95 and Regulation (Euratom, EC) No 2185/96, and with Regulation (EC) No 1073/1999.
2. For the Community actions financed under this Decision, Regulation (EC, Euratom) No 2988/95 and Regulation (Euratom, EC) No 2185/96 shall apply to any infringement of a provision of Community law, including infringements of a contractual obligation stipulated on the basis of the programme, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them, by an unjustified item of expenditure.

3. All implementing measures resulting from this Decision shall provide, in particular, for supervision and financial control by the Commission or any representative authorized by it and by audits by the European Court of Auditors, if necessary on-the-spot.

## **TITLE II**

### **THE SPECIFIC PROGRAMMES**

#### **Chapter I**

#### **The Entrepreneurship and Innovation Programme**

##### **SECTION 1**

##### **OBJECTIVES AND FIELDS OF ACTION**

###### *Article 10*

###### **Establishment and objectives**

1. A programme in support of enterprise and SMEs, entrepreneurship, innovation and industrial competitiveness, (hereinafter ‘the Entrepreneurship and Innovation Programme’), is hereby established.
2. The Entrepreneurship and Innovation Programme shall provide for action to support, improve, encourage and promote:
  - (a) access to finance for the start-up and growth of SMEs and investment in innovation activities, including eco-innovation;
  - (b) creation of an environment favourable to SME co-operation;
  - (c) innovation in enterprises, including eco-innovation;
  - (d) entrepreneurship and innovation culture;
  - (e) enterprise and innovation related economic and administrative reform.

###### *Article 11*

###### **Access to finance for the start-up and growth of SMEs**

Action in relation to access to finance for the start-up and growth of SMEs and for investment in innovation activities, including eco-innovation, may include:

- (a) increasing investment volumes of risk capital funds and investment vehicles promoted by business angels;
- (b) providing leverage to SME debt financing instruments;

- (c) improving the financial environment for SMEs.

#### *Article 12*

#### **SME co-operation**

Action in relation to SME co-operation may include:

- (a) fostering services in support of SMEs;
- (b) contributing to measures helping SMEs to cooperate with other enterprises across borders, including SME involvement in the field of European standardisation;
- (c) promoting and facilitating international business cooperation.

#### *Article 13*

#### **Innovation, including eco-innovation in enterprises**

Action in relation to innovation, including eco-innovation, may include:

- (a) fostering sector-specific innovation, clusters, innovation networks, public-private innovation partnerships and cooperation with relevant international organisations, and the use of innovation management;
- (b) supporting national and regional programmes for business innovation;
- (c) supporting the take-up of innovative technologies;
- (d) supporting services for trans-national knowledge and technology transfer and for intellectual and industrial property management;
- (e) exploring new types of innovation services;
- (f) fostering technology and knowledge through data archiving and transfer.

#### *Article 14*

#### **Entrepreneurship and innovation culture**

Action in relation to entrepreneurship and innovation culture may include:

- (a) encouraging entrepreneurial mindsets, skills and culture, and the balancing of entrepreneurial risk and reward, in particular for young entrepreneurs;
- (b) encouraging a business environment favourable to innovation, enterprise development and growth;
- (c) supporting policy development and cooperation between actors, including national and regional programme managers.

*Article 15*

**Enterprise and innovation related economic and administrative reform**

Action regarding to enterprise and innovation related economic and administrative reform may include:

- (a) collecting data, analysing and monitoring performance, and developing and coordinating policy;
- (b) contributing to the definition and promotion of competitiveness strategies related to industry and service sectors;
- (c) supporting mutual learning for excellence in national and regional administrations.

**SECTION 2  
IMPLEMENTATION**

*Article 16*

**Community financial instruments for SMEs**

1. Community financial instruments shall be operated with the aim to facilitate access to finance for SMEs in certain phases of their life cycle: seed, start-up, expansion and business transfer. Investments made by SMEs in activities such as technological development, innovation, and technology transfer shall be included in the scope of the instruments.
2. The instruments referred to in paragraph 1 shall be the following:
  - (a) the High Growth and Innovative SME Facility (GIF);
  - (b) the SME Guarantee (SMEG) Facility;
  - (c) the Capacity Building Scheme (CBS).
3. Implementation arrangements concerning the different instruments are laid down in Annex II.

*Article 17*

**The GIF**

1. The GIF shall be operated by the EIF on behalf of the Commission.

It shall carry out the following tasks:

- (a) contributing to the establishment and financing of SMEs and the reduction of the equity and risk capital market gap, which prevents SMEs from exploiting their growth potential;

- (b) supporting innovative SMEs with high growth potential, in particular those undertaking research, development and other innovation activities;

2. The GIF shall consist of two windows:

The first window, called GIF1, shall cover early stage (seed and start up) investments. It shall target investments in specialised venture capital funds such as early stage funds, funds operating regionally, funds focused on specific sectors, technologies or RTD and funds linked to incubators, which shall in turn provide capital to SMEs. It may also co-invest in funds and investment vehicles promoted by business angels.

The second window, called GIF2, shall cover expansion stage investments and shall invest in specialised risk capital funds, which in turn shall provide quasi-equity or equity for innovative SMEs with high growth potential in their expansion phase. GIF2 investments shall avoid buy-out or replacement capital.

GIF may invest in intermediaries by working, where appropriate, with national schemes aimed at developing small business investment companies.

*Article 18*

**The SMEG Facility**

1. The SMEG Facility shall be operated by the EIF on behalf of the Commission.

It shall carry out the following tasks:

- (a) providing counter-guarantees or, where appropriate, co-guarantees for guarantee schemes operating in the eligible countries;
- (b) providing direct guarantees for any other appropriate financial intermediary.

2. The SMEG Facility shall consist of four windows:

The first window, (a) debt financing via loans or leasing, shall reduce the particular difficulties SMEs face in accessing finance due to the perceived higher risk associated with investments in knowledge related activities such as technological development, innovation and technology transfer and due to the lack of sufficient collateral.

The second window, (b) microcredit financing, shall encourage financial institutions to play a greater role in the provision of loans of a smaller amount which would normally involve proportionately higher unit handling costs for borrowers with insufficient collateral. In addition to guarantees or counter-guarantees, financial intermediaries may receive grants to partially offset the high administrative costs inherent in microcredit financing.

The third window, (c) guarantees for equity or quasi-equity fund investments in SMEs, shall include investments by local or regional funds which provide seed capital and/or capital in the start-up phase, as well as mezzanine finance funds, in

order to reduce the particular difficulties which SMEs face because of their weak financial structure, and those arising from business transfers.

The fourth window, (d) securitisation of SME debt finance portfolios, shall mobilise additional debt financing for SMEs under appropriate risk-sharing arrangements with the targeted institutions. Support for those transactions shall be conditional upon an undertaking by the originating institutions to grant a significant part of the resulting liquidity of the mobilised capital for new SME lending in a reasonable period of time.

#### *Article 19* **The CBS**

1. The CBS shall be operated with international financial institutions, including the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the EIF and the Council of Europe Development Bank (CEB).

It shall carry out the following tasks:

- (a) improving the investment and technology expertise of funds investing in innovative SMEs or SMEs with growth potential;
- (b) stimulating the supply of credit to SMEs by enhancing the credit appraisal procedures for SME lending.

2. The CBS shall consist of the Seed Capital Action and the Partnership Action.

The Seed Capital Action shall provide grants to stimulate the supply of venture capital for innovative SMEs and other SMEs with growth potential, including those in the traditional economy, through support for seed and start-up funds or similar organisations. Grants shall be provided for the long-term recruitment of additional staff with specific investment or technology expertise.

The Partnership Action shall provide grants to financial intermediaries to cover the cost of technical assistance to improve their credit appraisal procedures for SME debt financing, with the aim of stimulating the supply of finance to SMEs in countries with low banking intermediation.

For the purpose of the Partnership Action “low intermediation” shall relate to banking in countries where domestic credit as a percentage of the country Gross Domestic Product is significantly below the Community average according to relevant data established by the European Central Bank or the International Monetary Fund.

The Partnership action shall accompany the credit lines or the risk-sharing provided by international financial institutions to partner banks or financial institutions from the eligible countries. A significant part of the action shall relate to improving banks’ capacity to assess the commercial viability of projects with a significant eco-innovation component.

## *Article 20*

### **Services in support of business and innovation**

1. Services in support of business and innovation, in particular for SMEs, shall be encouraged.
2. For the purpose of paragraph 1, financial support may be granted to network partners to provide, in particular:
  - (a) Information, Feedback and Business Cooperation services;
  - (b) Innovation, Technology and Knowledge transfer services;
  - (c) Services encouraging the participation of SMEs in the Community framework Programme for RTD.

Details concerning these services are laid down in Annex III.

3. The Commission shall select network partners through calls for proposals in relation to the different services referred to in paragraph 2(a), (b) and (c). Following those calls for proposals the Commission may establish a framework partnership agreement with selected network partners specifying the type of activities to be offered, the procedure for awarding grants to them and the general rights and obligations of each party. The framework partnership may cover the whole period of duration of the programme.
4. In addition to the services referred to under paragraph 2(a), (b) and (c), the Commission may provide financial support for the implementation of other activities within the scope of the framework programme following calls for proposals restricted to the network partners.
5. The Commission shall support the network partners by making available the appropriate coordination and operational support. Organisations established in countries which are not participating in the programme may have the possibility to benefit from this coordination and operational support.
6. The Commission shall ensure that network partners cooperate with each other and that, in the event that a network partner is unable to address an enquiry referred to it, that that partner refers the enquiry to a competent network partner.

## *Article 21*

### **Business innovation support scheme**

1. The Business innovation support scheme shall foster trans-national cooperation between programmes in support of business innovation.
2. A group of cooperating programmes may be eligible for Community support when they:
  - (a) are individually managed by public authorities at national or sub-national level; and

- (b) together involve at least three participating countries; and
  - (c) are coordinated or jointly operated.
3. Following Community calls for proposals, eligible groups of cooperating programmes may be selected for support.
  4. Support may be granted to selected groups of cooperating programmes with a view to adding value to a whole group or to one or more specific actions under a group, to creating synergy between cooperating programmes, or to ensuring critical mass.
  5. Support may take the form of providing additional Community finance for selected groups of cooperating programmes by contributions:
    - (a) to a common fund for the support of action under a group of cooperating programmes; or
    - (b) to the funding of specific common actions under a group of cooperating programmes.
  6. Action supported from such a common fund, or specific common actions that have benefited from Community finance, shall be open to all those who would have been eligible to participate in the corresponding action under any cooperating programme in the group.

#### *Article 22*

#### **Policy analyses, development and coordination with participating countries**

The following may be undertaken in support of policy analyses, development and coordination with participating countries:

- (a) studies, data collection, surveys and publications, based where possible on official statistics;
- (b) meetings of experts, including from public institutions and interested parties, conferences and other events;
- (c) awareness raising, networking and other relevant activities;
- (d) benchmarking of national and regional performances, and work on good practices including their dissemination and implementation.

#### *Article 23*

#### **Twinning between authorities at national and regional level**

1. In order to allow for targeted administrative co-operation, twinning actions may be established on the basis of calls for proposals to national contact points. These may subsequently identify a lead expert or a team of experts in agreement with the relevant national or regional authorities.

2. The Commission shall review the work plan established by the lead expert or the teams of experts and may award a grant to public administrations.
3. The twinning actions may be accompanied by central support services from the Commission.

*Article 24*

**Programme support measures**

The Commission may undertake the following:

- (a) analysis and monitoring of competitiveness and sectoral issues, including for the Commission's annual report on the competitiveness of European industry;
- (b) preparation of impact assessments of Community measures of particular relevance for the competitiveness of enterprises;
- (c) evaluation of specific aspects or specific implementation measures in relation to this programme;
- (d) dissemination of appropriate information in relation to this programme.

**SECTION 3**

**WORK PROGRAMME**

*Article 25*

**Work programme**

The work programme shall set out in detail the objectives and priorities, operational timetables as well as the rules for participation and the criteria for the selection and evaluation of the measures referred to in Articles 16 to 23.

**Chapter II**

**The ICT policy support Programme**

**SECTION 1**

**OBJECTIVES AND FIELDS OF ACTION**

*Article 26*

**Establishment and objectives**

1. A programme in support of information and communication technologies policy, hereinafter 'the ICT Policy Support Programme', is hereby established.
2. The ICT Policy Support Programme shall provide for the following actions:

- (a) development of the Single European information space and strengthening of the internal market for information products and services;
  - (b) stimulation of innovation through a wider adoption of and investment in ICTs;
  - (c) development of an inclusive information society and more efficient and effective services in areas of public interest, and improvement of the quality of life.
3. The actions referred to in paragraph 2 shall be carried out with a particular emphasis on promotion and awareness raising of the opportunities and benefits that ICTs bring to citizens and businesses.

#### *Article 27*

### **The Single European information space**

Action in relation to the Single European information space shall aim at:

- (a) ensuring seamless access to ICT-based services and establishing appropriate framework conditions for rapid and appropriate take up of converging digital communications and services, including interoperability, security and trust aspects;
- (b) improving the conditions for the development of digital content with a special emphasis on multilingualism and cultural diversity;
- (c) monitoring the European Information Society, through data collection and analysis of the development, availability and use of digital communication services including the growth of internet, access to broadband as well as developments of content and services.

#### *Article 28*

### **Innovation through the wider adoption of and investment in ICTs**

Action in relation to innovation through the wider adoption of and investment in ICTs shall aim at:

- (a) promoting innovation in processes, services and products enabled by ICTs, in particular in SMEs and public services, taking into account the necessary skills requirements;
- (b) facilitating public and private interaction as well as partnerships for accelerating innovation and investments in ICTs;
- (c) promoting and raising awareness of the opportunities and benefits that ICTs bring to citizens and businesses and stimulating debate at the European level on emerging ICT trends.

### *Article 29*

#### **An inclusive Information Society, more efficient and effective services in areas of public interest and improved quality of life**

Actions in relation to the development of an inclusive information society and more efficient and effective services in areas of public interest, and the improvement of quality of life shall aim at:

- (a) widening ICT accessibility and digital literacy;
- (b) reinforcing trust and confidence as well as support of ICT use, addressing, in particular, privacy concerns;
- (c) improving the quality, efficiency and availability of electronic services in areas of public interest and for ICT enabled participation, including interoperable pan-European or cross border public services as well as the development of common interest building blocks and sharing good practices.

## **SECTION 2 IMPLEMENTATION**

### **Subsection 1 Implementation of projects, best practice actions and thematic networks**

#### *Article 30*

##### **General**

The ICT policy Support Programme may be implemented by projects, best practice actions and thematic networks, including actions for wide scale testing and demonstration of innovative public services with a pan-European dimension.

Projects, best practice actions and thematic networks shall be aimed at stimulating the deployment and best use of innovative ICT based solutions, in particular for services in areas of public interest. Community support shall also facilitate the coordination and the implementation of actions for developing the Information society across the Member States.

#### *Article 31*

##### **Projects, best practice actions and thematic networks**

1. The following shall be supported:
  - (a) projects including implementation, pilot and market replication projects;
  - (b) best practice actions to spread knowledge and share experience across the Community.

- (c) thematic networks bringing together a variety of stakeholders around a given objective, so as to facilitate co-ordination activities and transfer of knowledge.
2. The projects shall be aimed at promoting innovation, technology transfer and the dissemination of new technologies that are ready for market uptake.

The Community may award a grant to the budget of the projects referred to in paragraph 1(a) corresponding to a maximum of 50 % of their total cost. Public sector bodies may be reimbursed on the basis of 100 % of additional costs.

3. The best practice actions shall be conducted in clusters addressing specific themes and linked through thematic networks

The Community contribution for the measures set out in paragraph 1(b) shall be limited to direct costs deemed necessary or appropriate for achieving the specific objectives of the action.

4. The thematic networks may be linked to best practice actions.

Support for thematic activities shall be granted towards the additional eligible costs of co-ordinating and implementing the network. The Community participation may cover the additional eligible costs of those measures.

## Subsection 2 Other provisions

### *Article 32*

#### **Applications**

Applications for Community support shall provide, where appropriate, a financial plan listing all the components of the funding of the projects, including the financial support requested from the Community, and any other requests for support from other sources.

### *Article 33*

#### **Policy analyses, development and coordination with participating countries**

The following shall be undertaken in support of policy analyses, development and coordination with participating countries:

- (a) studies, data collection, surveys, and publications, based where possible on official statistics;
- (b) meetings of experts from public institutions and interested parties, conferences and other events;
- (c) awareness raising, networking and other relevant activities between experts from public institutions and interested parties;

- (d) benchmarking of national performances, and work on good practices including their dissemination and implementation.

*Article 34*

**Promotion, communication, information sharing and dissemination**

1. The following shall be undertaken in support of the implementation of the programme or the preparation of future activities:
  - (a) promotion, dissemination, information and communication activities;
  - (b) exchange of information, knowledge and experience, conferences, seminars, workshops or other meetings and the management of clustered activities.
2. Measures devoted to the commercialisation of products, process or services, marketing activities and sales promotion shall not be eligible for support.

*Article 35*

**Projects of common interest: procurement based on technical specifications elaborated in coordination with Member States**

Where it is necessary, in order to achieve the objectives of the ICT Policy Support Programme, and where there is a clear common interest of Member States as concerns European-level deployment of products, services, or of core service components or building blocks, the Commission may establish projects of common interest comprising necessary technical and organisational tasks.

The Commission shall, in coordination with the Member States, agree on common technical specifications and implementation schedules for such projects. On the basis of the agreed common technical specifications and implementation schedules, the Commission shall issue calls for tender for implementation of the projects concerned. The procurement shall be carried out solely by the Commission on the basis of the rules applicable to procurement by the Community.

**SECTION 3  
WORK PROGRAMME**

*Article 36*

**Work programme**

The work programme shall set out in detail the objectives and priorities, the measures needed for their implementation, operational timetables and determine the criteria for the evaluation and selection of the implementing measures in line with the objectives set out in Article 26.

# **Chapter III**

## **The Intelligent Energy-Europe Programme**

### **SECTION 1**

#### **OBJECTIVES AND FIELDS OF ACTION**

##### *Article 37*

##### **Establishment and objectives**

1. A programme in support of energy efficiency, renewable energy sources and energy diversification, hereinafter ‘the Intelligent Energy – Europe Programme’, is hereby established.
2. The Intelligent Energy – Europe Programme shall provide for action, in particular:
  - (a) to foster energy efficiency and the rational use of energy resources;
  - (b) to promote new and renewable energy sources and to support energy diversification;
  - (c) to promote energy efficiency and the use of new and renewable energy sources in transport.

##### *Article 38*

##### **Operational objectives**

In operational terms the Intelligent Energy – Europe Programme shall aim at:

- (a) providing the elements necessary for the improvement of sustainability, the development of the potential of cities and regions, as well as for the preparation of the legislative measures needed to attain the related strategic objectives; developing the means and instruments to follow up, monitor and evaluate the impact of the measures adopted by the Community and its Member States in the fields addressed by that programme;
- (b) boosting investment across the Member States in new and best performing technologies in the fields of energy efficiency, renewable energy sources and energy diversification, including in transport, by bridging the gap between the successful demonstration of innovative technologies and their effective market uptake in broad scale in order to leverage public and private sector investment, promote key strategic technologies, bring down costs, increase market experience and contribute to reducing the financial risks and other perceived risks and barriers that hinder this type of investment;
- (c) removing the non-technological barriers to efficient and intelligent patterns of energy production and consumption by promoting institutional capacity building including the local and regional level, by raising awareness, notably through the educational

system, by encouraging exchanges of experience and know-how among the main players concerned, business and citizens in general and by stimulating the spread of best practices and best available technologies, notably by means of promotion at Community level.

*Article 39*

**Energy efficiency and rational use of resources (SAVE)**

Action to foster energy efficiency and the rational use of energy resources may include:

- (a) improvement of energy efficiency and the rational use of energy, in particular in the building and industry sectors, with the exception of actions covered by Article 41;
- (b) supporting the preparation of legislative measures and their application.

*Article 40*

**New and renewable resources (ALTENER)**

Action to promote new and renewable energy resources may include:

- (a) promoting new and renewable energy sources for centralised and decentralised production of electricity and heat and supporting the diversification of energy sources, with the exception of actions covered by Article 41;
- (b) integrating new and renewable energy sources into the local environment and the energy systems;
- (c) supporting the preparation of legislative measures and their application.

*Article 41*

**Energy in transport (STEER)**

Action to promote energy efficiency and the use of new and renewable energy sources in transport may include:

- (a) supporting initiatives relating to all energy aspects of transport, and the diversification of fuels;
- (b) promoting renewable fuels and energy efficiency in transport;
- (c) supporting the preparation of legislative measures and their application.

*Article 42*

**Horizontal initiatives**

Action to combine several of the specific fields referred to in Articles 39, 40 and 41 or relating to certain Community priorities may include:

- (a) integrating energy efficiency and renewable energy sources in several sectors of the economy;

- (b) combining various instruments, tools and actors within the same action or project.

## **SECTION 2 IMPLEMENTATION**

### *Article 43*

#### **Promotion and dissemination projects**

The following shall be supported:

- (a) strategic studies on the basis of shared analysis and regular monitoring of market developments and energy trends for the preparation of future legislative measures or for the review of existing legislation, including as regards the functioning of the internal energy market, for the implementation of the medium and long term strategy in the energy field to promote sustainable development, as well as for the preparation of long-term voluntary commitments with industry and other stake-holders and for the development of standards, labelling and certification systems;
- (b) creation, enlargement or reorganisation of structures and instruments for sustainable energy development, including local and regional energy management, and the development of adequate financial products and market instruments;
- (c) promotion of sustainable energy systems and equipment in order to further accelerate their penetration of the market and stimulate investment to facilitate the transition from the demonstration to the marketing of more efficient technologies, awareness campaigns and the creation of institutional capabilities, in particular aimed at implementing the clean development mechanism and joint implementation under the Kyoto Protocol;
- (d) development of information, education and training structures, the utilisation of results, the promotion and dissemination of know-how and best practices involving all consumers, dissemination of results of the actions and projects and cooperation with the Member States through operational networks;
- (e) monitoring of the implementation and the impact of Community legislative and support measures.

### *Article 44*

#### **Market replication projects**

Community funding shall be for actions and projects concerned with the first market replication of just-proven technologies of Community relevance, designed to promote, with a view to their broader utilisation within the Member States, either under different economic or geographical conditions or with technical modifications, innovatory techniques processes or products which have already been technically demonstrated with success but, owing to residual risk, have not yet penetrated the market, so that the Community shares the risk that is involved in the economic exploitation of the results of research, technological development and demonstration activities.

## **SECTION 3 WORK PROGRAMME**

### *Article 45*

#### **Work programme**

The work programme shall set out the rules for each of the specific actions and measures for implementing the objectives laid down in Article 37, the implementation arrangements as well as the funding arrangements and the rules for participation. It shall determine the selection criteria, reflecting the objectives of the Intelligent Energy - Europe Programme, and shall lay down the indicative timetable for the implementation of the work programme, in particular as regards the contents of the calls for proposals.

## **TITLE III GENERAL AND FINAL PROVISIONS**

### *Article 46*

#### **Committees**

1. The Commission shall be assisted by the following Committees:
  - (a) for the Entrepreneurship and Innovation Programme, by a committee called the EIP Management Committee (EIPC);
  - (b) for the ICT Policy Support Programme, by a committee called the ICT Management Committee (ICTC);
  - (c) for the Intelligent Energy Europe Programme, by a committee called the IEE Management Committee (IEEC).
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply, having regard to Article 8 thereof.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be three months.
3. The Committees referred to in paragraph 1 shall adopt their rules of procedure.

### *Article 47*

#### **Repeal**

Decision 96/413/EC is repealed.

*Article 48*  
**Transitional measures**

The implementation measures in pursuance of the objective set out in Article 27(b) shall be carried out under Decision ..../ .../EC of the European Parliament and of the Council<sup>34</sup> until 31 December 2008.

Thereafter the actions which are initiated under Decision ..../ .../EC on or before 31 December 2008 shall be administered in conformity with that Decision, except that the committee established by that Decision shall be replaced by the committee established in Article 46(1)(b) of this Decision.

*Article 49*  
**Entry into force**

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

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

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<sup>34</sup> OJ L , , p. .

**ANNEX I**  
**Indicative budgetary breakdown**

The indicative budgetary allocations for the specific programmes are the following:

- (a) EUR 2 631 million for the pursuance of the Entrepreneurship and Innovation Programme'), of which up to 520 million will be implemented to promote eco-innovation;
- (b) EUR 801.6 million for the pursuance of the ICT Policy support Programme;
- (c) EUR 780 million for the pursuance of 'the Intelligent Energy – Europe Programme'.

**ANNEX II**  
**Implementation arrangements for the Community financial instruments for SMEs**  
**laid down in Article 16**

**1. Arrangements common to all Community financial instruments for SMEs**

*A. Budget*

The budgetary allocation shall cover the full cost of each instrument, including payment obligations towards financial intermediaries such as losses from guarantees, management fees for the EIF and the international financial institutions managing the EU resources, as well as any other eligible costs or expenses.

The transfer of resources between instruments shall be kept flexible in order to respond to new developments and changing market conditions occurring during the programme.

*B. Trust accounts*

Separate Trust accounts shall be set up by the EIF and the relevant international financial institutions to hold the budgetary funds relating to each instrument. These accounts may be interest-bearing. Interest received until 31 December 2013 may be added to the resources and can be used for the purpose of the respective instrument.

Payments made by the trustee to honour payment obligations towards financial intermediaries shall be debited from the corresponding Trust account. Amounts to be paid back by the trustee to the general budget of the European Communities, the trustee's management fees and other eligible costs and expenses shall be debited from the Trust account in accordance with the terms set out in the agreements between the Commission and the trustee. The Trust account shall be credited with receipts originating from the Commission, interest and, depending on the instrument, with the proceeds from realised investments (GIF) or with commitment and guarantee fees as well as other receivables (SMEG Facility).

After 31 December 2013, any balances on the Trust accounts, other than funds committed and not yet debited and funds reasonably required to cover eligible costs and expenses, shall be returned to the general budget of the European Communities.

*C. Fees*

An appropriate fee policy shall apply to the operation of the instruments. The fees shall be established by the Commission in line with market practices and shall take into account:

- the overall duration of the respective instrument and the corresponding monitoring requirements which extend beyond the budgetary commitment period;
- the eligible countries;
- the degree of novelty and complexity of the instrument;
- the associated number of activities such as market research, identification of and negotiations with intermediaries, structuring of deals, closing, monitoring and reporting.

#### *D. Visibility*

Each intermediary shall provide an appropriate level of visibility to the support given by the Community.

### **2. Implementation of the High Growth and Innovative SME Facility (GIF)**

#### *A. Introduction*

Fiduciary, management and monitoring aspects shall be agreed between the Commission and the EIF. The Commission shall apply specific guidelines on treasury management.

#### *B. Intermediaries*

GIF1 and GIF2 shall target commercially oriented intermediaries managed by independent teams combining the appropriate mix of skills and experience. The intermediaries shall be selected in conformity with best business and market practices in a transparent and non-discriminatory manner, avoiding any conflict of interest with the aim of working through a wide range of specialised funds or similar structures.

#### *C. Eligibility criteria*

GIF shall be complementary to the own-resource based activities of the European Investment Bank Group including the EIF by adopting an investment policy involving a higher risk profile, both as regards intermediary funds and their investment policies.

#### *GIF 1*

GIF 1 shall invest in intermediary venture capital funds investing in SMEs up to 10 years old, typically starting from pre-A (seed) and A (early stage) rounds and providing follow-on investment where appropriate. The maximum aggregate investment in an intermediary venture capital fund shall be 25 % of the total capital held by the relevant fund, or up to 50 % for new funds likely to have a particularly strong catalytic role in the development of venture capital markets for a specific technology or in a specific region as well as business angels' investment vehicles. The maximum aggregate investment in an intermediary venture capital fund shall be 50 % in those cases where the fund's investment focus is on SMEs active in eco-innovation. At least 50 % of the capital invested in any fund shall be provided by investors operating in circumstances corresponding to normal market conditions (under the "market economy investor principle"), irrespective of the legal nature and ownership structure of the investors providing this part of the capital. No commitment in a single fund shall exceed EUR 30 million. GIF1 may co-invest with EIF own resources or resources under the EIB mandate or other resources managed by the EIF.

#### *GIF 2*

GIF 2 shall invest in intermediary risk capital funds investing in SMEs, typically in B and C (expansion) rounds. The usual maximum aggregate investment in an intermediary risk capital fund shall be 15 % of the total capital held by the relevant fund, or up to 25 % for:

- new funds likely to have a particularly strong catalytic role in the development of risk capital markets for a specific technology or in a specific region;

- funds whose main investment focus is on SMEs active in eco-innovation;
- funds set up by first time management teams.

In the case of co-investment with EIF own resources or resources under the EIB mandate or other resources managed by the EIF, the maximum GIF2 contribution shall be 15 %. At least 50 % of the capital invested in any fund shall be provided by investors operating in circumstances corresponding to normal market conditions (under the “market economy investor principle”), irrespective of the legal nature and ownership structure of the investors providing this part of the capital. No commitment in a single fund shall exceed EUR 30 million.

#### *D. Investment pari passu*

The investment made under the GIF in an intermediary fund shall rank *pari passu* with the private investors.

#### *E. Life of the facility*

The GIF shall be a long-term facility which will usually take 5 to 12 year positions in intermediary funds. In any case, life of investments under the GIF shall not exceed 19 years from the time of signature of the delegation agreement between the Commission and the EIF. Suitable exit strategies shall need to be defined in the agreements between the EIF and the intermediaries.

#### *F. Realisation of investments*

As most of the investments to be made under the GIF shall be in unquoted, illiquid entities, the realisation of those investments shall be based on the distribution of the proceeds received by the intermediary from the sale of their investments in SMEs.

#### *G. Reinvestment of proceeds from realised investments*

Proceeds, including dividends and reimbursements received by the EIF until 31 December 2013, shall be added to the resources of the Facility and used for the purpose of the Facility.

### **3. Implementation of the SME Guarantee (SMEG) Facility**

#### *A. Introduction*

Fiduciary, management and monitoring aspects shall be agreed between the Commission and the EIF. The Commission shall apply specific guidelines on treasury management.

#### *B. Intermediaries*

Intermediaries shall be chosen among the guarantee schemes already operating or which may be established in the eligible countries, including mutual guarantee organisations, and any other appropriate financial institution. Selection procedures shall be transparent and non-discriminatory, avoiding any conflict of interest.

Intermediaries shall be selected in conformity with best market practice with regard to:

- the effect on the volume of financing (debt, equity or quasi equity) made available to SMEs, and/or
- the effect on SMEs' access to finance, and/or
- the effect on risk-taking in SME financing by the intermediary concerned.

### C. *Eligibility*

The financial criteria governing the eligibility under the SMEG Facility shall be determined for each intermediary on the basis of their activities, with the aim of reaching as many SMEs as possible. These rules shall reflect market conditions and practices in the relevant territory.

Financing for the acquisition of tangible and intangible assets, including innovation activities, technological development and the acquisition of licenses shall be eligible.

Criteria relating to the fourth SMEG window, (d) securitisation of SME debt financing portfolios, include individual and multi-seller transactions as well as multi-country transactions. Eligibility shall be based on best market practices, in particular regarding the credit quality and risk diversification of the securitised portfolio.

### D. *Terms of the guarantees*

The guarantees issued by the EIF on behalf of the Commission under the (a) debt financing, (b) microcredit, and (c) equity or quasi-equity windows of the SMEG Facility shall cover a part of the risk taken by the financial intermediary in a financing portfolio of individual transactions. The fourth window of the SMEG Facility, (d) securitisation, shall involve sharing the risk of certain securitised tranches which are senior to the first loss piece or leaving the risk of a significant part of the first loss piece to the originator and sharing the risk of the remaining part.

The guarantees given by the EIF relating to the (a) debt financing, (b) microcredit, (c) equity or quasi equity windows of the SMEG Facility shall usually rank *pari passu* with the guarantees or, where appropriate, with the financing given by the intermediary.

The EIF may charge to a financial intermediary a fee calculated on amounts committed but not used according to an agreed schedule ("commitment fees") as well as guarantee fees. It may also charge fees related to individual securitisation transactions.

### E. *EIF's capped maximum cumulative losses*

The cost of the facility to the general budget of the European Communities shall be capped so that it does not, under any circumstances, exceed the budgetary allocation made available to the EIF under this facility. There shall be no contingent liability on the budget.

The EIF's obligation to pay its share of the intermediary's losses shall continue until the cumulative amount of payments made to cover losses from a specific financing portfolio, reduced where appropriate by the cumulative amount of corresponding loss recoveries, reaches a pre-agreed amount, after which the EIF's guarantee shall be automatically cancelled.

*F. Loss recoveries and other revenue payable to the Trust Account*

Any loss recoveries received from a given intermediary shall be credited to the Trust account and shall be taken into account in the calculation of the EIF's capped maximum cumulative losses towards the intermediary. Any other revenues, such as commitment fees and guarantee fees, shall be credited to the Trust account and, if received prior to 31 December 2013, shall be added to the resources of the Facility.

*G. Duration of the Facility*

Individual SME guarantees may have a maturity of up to 10 years.

**4. Implementation of the Capacity Building Scheme (CBS)**

*A. Introduction*

Implementation details for the Seed Capital action and the Partnership action, including fiduciary, management and monitoring aspects, shall be subject to an agreement between the Commission and the EIF or the relevant international financial institutions.

Intermediaries shall be selected in conformity with best market practices.

Selection procedures for the provision of technical assistance shall be transparent and non-discriminatory, avoiding any conflict of interest.

*B. Seed Capital action*

The Seed Capital action shall be operated on a trust basis. The budgetary allocation shall cover the full cost of the action, including its management fees and any other eligible costs or expenses. The grants provided shall support investment funds which include seed capital in their global investment programme, by covering part of the resulting management costs.

*C. Partnership action*

The Partnership action shall be operated through the EIF or relevant international financial institutions. It shall cover technical assistance, management fees and other eligible costs supporting capacity building.

**5. Evaluation**

The external evaluations shall be carried out by independent experts, taking account of the impact of the Growth and Employment Initiative established under Council Decision 98/347/EC and of the Multiannual Programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) established by Council Decision 2000/819/EC. The external evaluations shall assess the impact of the Community financial instruments for SMEs and provide a qualitative analysis of achieved results, in particular, by assessing the leverage effect and cost-benefit of each instrument. The evaluation reports shall present statistical data, including:

- for the GIF, the number of SMEs reached and the number of jobs created;

- for the SMEG Facility, the total volume of loans provided by the financial intermediaries to SMEs and the number of SMEs reached;
- for the Seed Capital action, the number of organisations supported and the volume of seed capital investments;
- for the Partnership action, the number of intermediaries supported and SMEs reached;
- any specific outputs relating to eco-innovation.

Appropriate visibility shall be given to the results and lessons learned from the reports of the external evaluators and to the sharing of best practices among stakeholders.

**ANNEX III**  
**Details of the services in support of business and innovation**  
**laid down in Article 20**

**a. Information, Feedback and Business cooperation services**

- disseminating information relating to the functioning and opportunities of the internal market for goods and services;
- promoting pro-actively Community programmes, initiatives and policies relevant for SMEs.
- operating tools to measure the impact of existing legislation on SMEs;
- contributing to the carrying-out of impact assessment studies of the Commission;
- operating other appropriate means to engage SMEs in the European policy-making process.
- assisting SMEs to develop cross-border activities;
- supporting SMEs to find business partners through appropriate tools.

**b. Innovation, technology and knowledge transfer services**

- disseminating information and raising awareness regarding innovation-related policies, legislation, and support programmes;
- engaging in the dissemination and exploitation of research results;
- providing brokerage services for technology and knowledge transfer, and for partnership building between innovation actors;
- stimulating the capacity of firms, especially SMEs to innovate;
- facilitating linkage to other innovation services.

**c. Services encouraging the participation of SMEs in the Community Framework Programme for RTD**

- raising awareness among SMEs regarding the Community Framework Programme for RTD;
- helping SMEs to identify their RTD needs and to find partners with similar RTD needs;
- assisting SMEs in the preparation and coordination of project proposals for participation in the Community Framework Programme for RTD.

## LEGISLATIVE FINANCIAL STATEMENT

### 1. NAME OF THE PROPOSAL :

Proposal for a Decision of the European Parliament and of the Council establishing a Competitiveness and Innovation framework Programme (2007-2013)

### 2. ABM / ABB FRAMEWORK

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

### 3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings :

#### **Headings within the Financial Perspectives 2007-2013**

1. Sustainable Growth;

1a) Competitiveness for growth and employment

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 below.

#### **Economic and financial affairs**

01 04 05 (Programme for enterprise and entrepreneurship – improvement of the financial environment for SMEs, Council Decision 2000/819/EC);

## **Enterprise and Industry**

02 02 03 01 (Multiannual Programme for enterprise and entrepreneurship, and particularly for SMEs, Council Decision 2000/819/EC);

02 02 03 02 Support for SMEs in the New Financial Environment

02 02 03 03 Pilot project: Transfer of expertise through mentoring

02 03 01 Research and Innovation

02 03 02 Support for the coherent development of policies

02 05 (Competitiveness and sustainable development, Council Decision 96/419/EC);

02 01 04 03 Industrial competitiveness policy for the European Union — Expenditure on administrative management

02 01 04 04 (Programme for enterprise and entrepreneurship, administrative support, Council Decision 2000/819/EC);

02 01 05 01 Expenditure related to research staff

02 01 05 02 Research external staff

02 01 05 03 Other management expenditure for research

## **Information Society and Media**

09 030100 Modinis

09 030200 Promotion of the European digital presence in global networks

09 010402 Promotion of the European digital presence in global networks - Expenditure on administrative management

09 030400 Trans-European telecommunications networks

09 010403 Trans-European telecommunications networks - Expenditure on administrative management

## **Environment**

07 03 04 LIFE III (Financial Instrument for the Environment — 2000 to 2006) — Projects on Community territory—Part II (environmental protection)

07 01 04 03 LIFE III (2000-2006) – part II (environmental protection) – expenditure on administrative management

### Energy and Transport

ABB 06 04 01: "Intelligent Energy for Europe" Programme (2003-2006)

ABB 06 01 04 08: "Intelligent Energy for Europe" Programme (2003-2006) - Expenditure on administrative management

ABB 06 01 04 30: "Intelligent Energy Executive Agency

#### 3.2. Duration of the action and of the financial impact:

Period of application: 1<sup>st</sup> January 2007 – 31<sup>st</sup> December 2013

Payments from the EU budget may be made beyond 31<sup>st</sup> December 2013

#### 3.3. Budgetary characteristics (*add rows if necessary*) :

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
Operational expenditure Entrepreneurship and Innovation programme	Non-comp	Diff <sup>1</sup>	YES	YES	YES	As of 2007: 1a
Operational expenditure ICT Policy support programme	Non-comp	Diff	YES	YES	YES	As of 2007: 1a
Operational expenditure Intelligent Energy Europe Programme	Non-comp	Diff	YES	YES	YES	As of 2007: 1a
Administrative expenditure for the framework Programme	Non-comp	Non-Diff	YES	YES	YES	As of 2007: 1a

<sup>1</sup> Differentiated appropriations

#### 4. SUMMARY OF RESOURCES

##### 4.1. Financial Resources (current prices)

##### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2007	2008	2009	2010	2011	2012	2013	Total
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##### Operational expenditure<sup>2</sup>

Commitment Appropriations (CA)	8.1	a	385,700	423,900	516,000	561,000	630,000	677,000	733,000	3926,600
Payment Appropriations (PA)		b	173,800	263,700	382,000	476,300	625,000	637,600	667,400 700,800 <sup>3</sup>	3926,600

##### Administrative expenditure within reference amount<sup>4</sup>

Technical & administrative assistance (NDA)	8.2.4	c	27,000	30,000	37,000	40,000	47,000	50,000	55,000	286,000
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##### TOTAL REFERENCE AMOUNT

Commitment Appropriations		a + c	412,700	453,900	553,000	601,000	677,000	727,000	788,000	4212,600
Payment Appropriations		b + c	200,800	293,700	419,000	516,300	672,000	687,600	722,400 700,800 <sup>5</sup>	4212,600

##### Administrative expenditure not included in reference amount<sup>6</sup>

Human resources and associated expenditure (NDA)	8.2.5	d	3,240	3,240	3,240	3,240	3,240	3,240	3,240	22,680
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<sup>2</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

<sup>3</sup> Beyond 2013.

<sup>4</sup> Expenditure within article xx 01 04 of Title xx. ***Note: part of this amount should finance the Executive agency, subject to a preliminary cost-benefit study.***

<sup>5</sup> Beyond 2013.

<sup>6</sup> Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05. Additional costs compared to current expenditure for the implementation of the Programme's elements as existing today.

Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	-	-	-	-	-	-	-	-
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### Total indicative financial cost of intervention

<b>TOTAL CA including cost of Human Resources</b>	a+c+d+e	415,940	457,140	556,240	604,240	680,240	730,240	791,240	4235,280
<b>TOTAL PA including cost of Human Resources</b>	b+c+d+e	204,040	296,940	422,240	519,540	675,240	690,840	725,640 700,800 <sup>7</sup>	4235,280

#### 4.1.2. Compatibility with Financial Programming

The proposal is compatible with financial programming as proposed by the Commission (COM(2004)101 of 26 February 2004)

#### 4.1.3. Financial impact on Revenue

The proposal has no financial implications on revenue

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements <sup>8</sup>	2007	2008	2009	2010	2011	2012	2013
Total number of human resources	30	-	-	-	-	-	-

## 5. CHARACTERISTICS AND OBJECTIVES

### 5.1. Need to be met in the short or long term

As an essential instrument in support of the strategy for growth and jobs, the Competitiveness and Innovation Programme will have to meet the following needs:

<sup>7</sup> Beyond 2013.

<sup>8</sup> The 19 posts shown are additional human resources as compared to 2006. After 2007, no further additional human resources are required.

- **Foster the competitiveness of enterprises and in particular SMEs**, by improving access to finance, providing Europe-wide business and innovation support services, encouraging entrepreneurial spirit in Europe.
- Boosting **innovation, including eco-innovation**, as one of the keys to productivity growth.
- **Encouraging the development and uptake of Information and Communication Technologies (ICT)**<sup>9</sup>, one of the main innovative means to improve productivity.
- **Accelerating action in the fields of energy efficiency, renewable energy sources and energy diversification** in Europe.

Beyond addressing the problems outlined above, the underlying motive force is to bring together Community programmes and activities in the field of competitiveness and innovation into one coherent and synergetic framework, while also addressing complementary environmental concerns.

#### 5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergies

All the areas covered by the framework Programme (which is based on Articles 156, 157(3) and 175(1) of the Treaty) fall under shared responsibility of Member States and Community. The CIP will therefore intervene only where a demonstrable European added value is present, and the management committees of each specific programme will ensure coherence and complementarity with actions at Member States level. As an instrument to implement the Community strategy for growth and jobs, the Competitiveness and Innovation framework Programme clearly finds its place in the context of a partnership between different actors, and its instruments are designed to provide a leverage effect. Moreover, the innovation and business support networks will perform a feedback function and help the Commission in constantly assessing the actual needs, the proportionality of actions and the respect of subsidiarity.

There are certain system/market failures that can best be tackled via public interventions. The Competitiveness and Innovation framework Programme will add value to national interventions by:

- Providing a European dimension in support of innovation for enterprises, through assistance services in the areas of transfer of technology, clustering and networking. Innovation policy takes place mostly at national and regional levels but there is a need for intervention at Community level, as international co-operation is developing rapidly in innovation matters, and for trans-national exchange of experience, networking and benchmarking. Therefore Community action will add value to national interventions by providing a European

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<sup>9</sup> [Enterprise Policy Scoreboard](#), SEC(2003) 1278, 4.11.2003.

dimension in support of innovation for enterprises, through assistance services in the areas of transfer of technology, clustering and networking.

- enforcing competitiveness and facilitating SMEs' access to finance; the Community intervention has a leverage potential on other existing financial instruments, and details on the expected impact are made available in the Impact Assessment.
- accelerating the uptake of environmental technologies leading to a more efficient use of resources and the opening of new markets, while protecting the environment more cost-efficiently. This should contribute to improving the competitiveness of European industry and creating the conditions for sustainable economic growth.
- Stimulating a wider uptake of ICT by businesses, public sector and citizens across Europe, and developing an information society for all, based on trustworthy and secure products and services. ICT uptake and best use are affected by perceived concerns with regard to returns on investments and security aspects, with a genuine European dimension (if not global, for example in the security field). The EU level, for reasons of scale and scope, is also best suited to fostering interoperability for the users' benefit<sup>10</sup>.
- Accelerating the uptake of sustainable energy technologies, in the context of EU targets for sustainable energy and the Millennium Development goals.

As far as synergies with other Community programmes are concerned, please refer to chapter 4 of the explanatory memorandum.

Finally, the very structure and concept of the CIP reflects the intention to create synergies between several Community programmes that existed separately up to 2006 by bringing them under a common framework.

### 5.3. Objectives, expected results and related indicators<sup>11</sup> of the proposal in the context of the ABM framework

#### 5.3.1. The Competitiveness and Innovation framework Programme

The framework Programme has the following objectives:

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<sup>10</sup> Preliminary Analysis of the Contributions of the EU Information Society Policies and Programmes to the Lisbon and Sustainable Development Strategies – ongoing study by DG INFSO C3, 2005.

<sup>11</sup> The indicators relevant to the policy development and coordination activities are, by necessity, rather “soft”. This is due to the fact that their direct impacts are difficult to measure because (a) they are often influential in nature, rather than direct actions, (b) they are therefore difficult to isolate from contextual factors, and it is thus difficult to establish direct causal relationships, (c) the impact on the final beneficiaries usually depends on subsequent implementation of recommendations by Member States.

- (a) to foster the competitiveness of enterprises and in particular Small and Medium sized Enterprises (SMEs);
- (b) to promote innovation including eco-innovation;
- (c) to accelerate the development of a competitive, innovative and inclusive Information Society;
- (d) to promote energy efficiency and new and renewable energy sources in all sectors including transport.

These objectives are pursued through the implementation of specific programmes. Indicators are established at the level of specific programmes.

5.3.2. The Entrepreneurship and Innovation programme:

The programme shall provide for action to support, improve, encourage and promote:

access to finance for the start-up and growth of SMEs and investment in innovation activities;

SME co-operation;

Innovation, including eco-innovation in enterprises;

innovation governance and culture;

economic and administrative reform for more entrepreneurship and competitiveness in industry and service sectors.

<i>Access to finance for the start-up and growth of SMEs<sup>12</sup> and investment in innovation activities</i>		
<b>Objective</b>	<b>Indicators</b>	<b>Verification source</b>
increasing investment volumes of venture capital funds and investment vehicles promoted by business angels	Degree of change (in investment volumes of venture capital funds and investment vehicles promoted by business angels)	Annual reporting and monitoring, programme evaluation
providing leverage to SME debt financing instruments	Change in volume of investment financing  The number of SMEs receiving	Annual reporting and monitoring, programme evaluation  Annual reporting and monitoring,

<sup>12</sup> With regard to the Community Financial Instruments it should be the indicators shown are subject to external variables and influences, not least the state of the economy and political conditions at local, regional, national, and Community level.

	new financing Jobs created in SMEs receiving new financing Total net disbursement	programme evaluation Annual reporting and monitoring, programme evaluation Annual reporting and monitoring
improving the financial environment for SMEs	The number of SMEs receiving new financing	Annual reporting and monitoring, programme evaluation
<i>SME co-operation</i>		
<b>Objective</b>	<b>Indicators</b>	<b>Verification source</b>
fostering services in support of SMEs	Number of queries answered Number of awareness raising campaigns Number of on-line consultations carried out	Annual reporting and monitoring Annual reporting and monitoring Annual reporting and monitoring
contributing to measures helping SMEs to cooperate with other enterprises across borders, including SME cooperation in the field of European standardisation	Number of cross-border cooperation projects carried out	Annual reporting and monitoring, programme evaluation
promoting and facilitating international business cooperation	Number of international cooperation projects carried out	Annual reporting and monitoring, programme evaluation
<i>Innovation, including eco-innovation in Enterprises</i>		
<b>Objective</b>	<b>Indicators</b>	<b>Verification source</b>
Better innovation performance of EU enterprises	Employment in high-tech services (% of total workforce) High-tech exports - Exports of high technology products as a share of total exports Sales of new-to-market products (% of turnover) Sales of new-to-firm not new-to-market products (% of turnover) Employment in medium-high and high-tech manufacturing (% of total workforce) EPO patents registration per million population USPTO patents registration per million population	European Innovation Scoreboard (this corresponds to the out-put indicators currently used in the EIS)

	<p>Triadic patent families per million population</p> <p>Number of domestic community trademarks registration per million population</p> <p>Number of domestic industrial designs registration per million population</p>	
<p>To foster sector-specific innovation, clusters, networks of excellence, public-private innovation partnerships and cooperation with relevant international organisations, initiatives and networks, and the use of innovation management</p>	<p>More information on sector specific innovation needs and performances.</p> <p>Increase of interaction and cooperation among, clusters, networks of excellence, public-private innovation partnerships including science-industry cooperation</p> <p>SMEs using non-technological change (% of SMEs)</p> <p>University R&amp;D expenditures financed by business sector</p> <p>Innovative SMEs co-operating with others (% of SMEs)</p>	<p>Annual reporting and monitoring, programme evaluation</p> <p>Annual reporting and monitoring, programme evaluation</p> <p>Annual reporting and monitoring, programme evaluation</p> <p>European Innovation Scoreboard</p> <p>European Innovation Scoreboard</p> <p>European Innovation Scoreboard</p>
<p>To support national and regional programmes for business innovation</p>	<p>Number of joint or coordinated programmes or actions.</p> <p>Number of enterprises benefiting from the support from these joint or coordinated programmes or actions.</p> <p>Amount of national and regional funding, as well as private co-funding leveraged for business innovation per € 1 million CIP contribution.</p>	<p>Annual reporting and monitoring, programme evaluation</p> <p>Annual reporting and monitoring, programme evaluation</p> <p>Annual reporting and monitoring, programme evaluation</p>
<p>supporting services, in particular for trans-national knowledge and technology transfer and management of intellectual and industrial property</p>	<p>Number of services provided</p> <p>Number of technology transfer agreements resulting from the services.</p>	<p>Annual reporting and monitoring, programme evaluation</p> <p>Annual reporting and monitoring, programme evaluation</p>
<p>exploring new types of innovation services</p>	<p>Results of evaluation with regard to any new types of innovation services tested</p>	<p>Annual reporting and monitoring, programme evaluation</p>
<p>To support the market replication of innovative technologies</p>	<p>Number of demonstrations performed</p>	<p>Annual reporting and monitoring, programme evaluation</p>

To support the uptake and wider use of environmental technologies, to improve the eco-efficiency of EU industry	Number of environmental technologies supported  Indicators under development on eco-efficiency and on the market penetration of environmental technologies	Annual reporting and monitoring, programme evaluation  Innovation scoreboard, programme evaluation
<i>Entrepreneurship and Innovation culture</i>		
<b>Objective</b>	<b>Indicators</b>	<b>Verification source</b>
Encouraging entrepreneurial mindsets, skills and culture, and the balancing of entrepreneurial risk and reward	Degree of change in propensity to become an entrepreneur  Quality of regulatory and administrative environment	Eurobarometer, programme evaluation  Eurobarometer, programme evaluation
Contributing to the definition and promotion of competitiveness strategies for industry and service sectors	Number and quality of contributions	Annual reporting and monitoring, programme evaluation
Facilitating mutual understanding and learning between national and regional actors	Number of initiatives launched in the area, including conferences and studies	Annual reporting and monitoring, programme evaluation
<i>Economic and Administrative Reform</i>		
<b>Objective</b>	<b>Indicators</b>	<b>Verification source</b>
Collecting data, analysing and monitoring performance, and developing and coordinating policy	Number of qualitative studies in the area	Annual reporting and monitoring, programme evaluation
To support mutual learning for excellence in national and regional administrations	Number of new mutual learning and cooperation projects and networks	Annual reporting and monitoring, programme evaluation
To promote awareness of innovation and disseminating good innovation practices	Number of awareness-raising events/campaigns completed  Number of hits on Innovation Portal web-site	Annual monitoring, programme evaluation

### 5.3.3. The ICT Policy support programme

The ICT Policy Support Programme shall provide for the following actions:

- (a) development of the Single European information space and strengthening of the internal market for information products and services;
- (b) stimulation of innovation through a wider adoption of and investment in ICTs;
- (c) development of an inclusive information society and more efficient and effective services in areas of public interest, and improvement of the quality of life.

The indicators relevant to the ICT policy support programme build on the existing and used Eurostat Information Society Policy and Structural indicators and on the eEurope indicators. When these indicators are not sufficient to best capture measures of quality of objectives or effectiveness of policy measures, other “soft” indicators are to be used based on Eurobarometer surveys.

It should be remembered that these indicators are also subject to review and update.

Objective	Indicators	Verification source
<p><i>Development of single European information space;</i></p> <p>ensuring seamless access to ICT-based services and establishing appropriate framework conditions for rapid and appropriate take up of</p>	<p>Quality and effectiveness of content accessibility by different devices</p> <p>Speed of interconnections and services available between and within national research and education networks (NRENs) within EU and world-wide</p>	<p>Eurostat Information Society Structural Indicators; Eurobarometer survey - Annual reporting and monitoring, programme evaluation</p> <p>eEurope Indicator<sup>13</sup> 4 - Annual reporting and monitoring, programme evaluation</p>

<sup>13</sup> Liste des indicateurs d'étalonnage pour le plan d'action eEurope - 13493/00 - ECO 338 - n° doc préc. : 10486/00 ECO 216 CAB 7 SOC 266 EDUC 117. The eEurope indicators are subject to a process of periodical revision and update in the course of eEurope Action Plans and follow-up initiatives.

<p>converging digital communications and services. Issues at stake include interoperability and higher levels of security and trust</p>	<p>Percentage of EU web sites in the national top 50 visited</p> <p>Perceived quality of public service multilingual websites</p> <p>Citizens access to and use of the Internet</p> <p>Enterprises access to and use of ICTs</p> <p>Information Society Policy Indicators</p> <p>Perceived security. Quality of filtering technologies. Number of network security concerns. Number of criminal cases on the internet. Internet users' experience and usage regarding ICT-security. (** see below).</p>	<p>eEurope Indicator 22 - Annual reporting and monitoring, programme evaluation</p> <p>Eurobarometer survey - Annual reporting and monitoring, programme evaluation</p> <p>Eurostat</p> <p>Eurostat</p> <p>Eurostat</p> <p>ENISA monitoring; Eurobarometer survey; Eurostat - Annual reporting and monitoring, programme evaluation</p>
<p><i>Wider adoption of and investment in ICTs,</i></p> <p>promoting innovation in processes, services and products enabled by ICT, notably in SMEs and public services, taking into account the necessary skills</p>	<p>Eurostat / OECD indicators on ICT investment</p> <p>Amount of government information (by pages or by megabytes) which is digitalised and available on line</p>	<p>Eurostat Information Society Structural Indicators – OECD statistical reports - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator (22- iii – iv) - Annual reporting and monitoring, programme evaluation</p>

<p>requirements, accelerating the translation of ICT research results into practical applications</p> <p>facilitating public and private interaction as well as partnerships for accelerating innovation and investments in ICTs, increasing the attractiveness of Europe as a place to invest in innovation in ICT</p> <p>promoting and raising awareness of the opportunities and benefits that ICT brings to citizens and businesses, stimulating debate at the European level on emerging ICT trends</p>	<p>Employment in the on-line content sector</p> <p>Percentage of companies that buy and sell over the Internet Definition</p> <p>Public use of government on-line services - for information/ for submission of forms</p> <p>Percentage of public procurement which can be carried out on-line</p>	<p>eSkills reports; Eurostat eLearning indicators - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 16 - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 18 - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 19 - Annual reporting and monitoring, programme evaluation</p>
<p>Inclusive Information Society, more efficient and effective services in areas of public interest and improved quality of life.</p> <p>widening ICT accessibility and digital literacy;</p> <p>reinforcing trust and confidence as well as support of ICT use, addressing in particular privacy concerns;</p> <p>improving the quality, efficiency and availability of electronic services in areas of public interest and for ICT enabled participation, [including interoperable pan-European or cross border public services as well as the development of common interest building blocks and sharing good practices].</p>	<p>Information Society Policy Indicators</p> <p>Quality and efficiency of on-line services. Impact on quality of life</p> <p>Information Society Policy Indicators</p> <p>Percentage of teachers using the Internet for non-computing teaching on a regular basis</p> <p>Percentage of workforce with (at least) basic IT training</p>	<p>Eurostat - Annual reporting and monitoring, programme evaluation</p> <p>Eurobarometer survey - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 10 - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 11 - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 12 - Annual reporting and monitoring, programme evaluation</p> <p>eEurope indicator 13 - Annual reporting and monitoring,</p>

	Number of places and graduates in ICT related third level education	programme evaluation
	Percentage of workforce using telework	
	Definition	
	** (as above)	

#### 5.3.4. The Intelligent Energy Europe Programme

The proposed programme aims to support sustainable development in the energy context, making a balanced contribution to the achievement of the following general objectives: security of energy supply, competitiveness, and environmental protection. The Union has set itself clear quantitative targets for the uptake of sustainable energy to be achieved by 2010. These include:

- doubling the share of renewable energy sources in EU energy consumption to reach 12%,
- increasing to 22% the share of electricity generated by renewable sources and
- increasing up to 5.75% the share of bio-fuels in all petrol and diesel used for transport.
- Rationalise and stabilise energy consumption to reduce energy intensity, aiming at saving at least 1% more energy each year.

A number of more qualitative targets are also to be achieved such as increased sales of energy efficient products/appliances, expand high-efficient cogeneration, reduced energy consumption of energy-using products and number of products complying with eco-design requirements. A proposal has also been made for Member States to further reduce the amount of energy distributed to final consumers by 1% per year.

The objectives and a non-exhaustive list of key baseline indicators are presented in the table below:

Objectives	Key baseline indicators	Justification / source
To provide 22% of electricity from renewable sources in EU-15 (21% in EU-25)	Contribution of renewable energy sources to total electricity generation. (Eurostat data).	2001/77/EC: The Promotion of Electricity from renewable energy sources in the internal energy market
To have 5.75% of biofuels in all petrol and diesel used for transport by 2010	Biofuels production (contribution to total petrol and diesel market). Hectares growing biomass for biofuel production. (Eurostat data)	2003/30/EC. Promotion of the use of biofuels or other renewable fuels for transport
Rationalise and stabilise energy consumption to reduce energy intensity, aiming at saving at least 1% more energy each year.	Electricity generated by CHP plant (Eurostat data) Other indicators can also be used to indirectly measure the impact of a number of energy savings Directives. They can be used to measure impacts in terms of CO2 emissions, energy intensity and	2004/08/EC: Promotion of cogeneration based on useful heat demand. 2002/91/EC. Directive on the Energy Performance of Buildings COM(2003) 739: Proposal for a Directive on energy end use

	<p>energy and electricity consumption:</p> <ul style="list-style-type: none"> <li>• CO2 emissions per capita</li> <li>• Energy intensity</li> <li>• Final energy consumption</li> <li>• Final household energy consumption by fuel</li> </ul>	<p>efficiency and energy services.</p>
<p>(Voluntary initiatives) Energy efficiency labelling to contribute towards reducing energy consumption</p>	<p>Baseline indicators could include data on the average energy efficiency of appliances sold, the improvements in energy efficiency of appliances (rating A to G, now to be A++)</p> <p>For eco-design, could cover a wide range of products, including heating and water heating equipment, electric motor systems, lighting, domestic appliances, office equipment, consumer electronics and air conditioning systems.</p>	<p>Energy labelling Directives:</p> <ul style="list-style-type: none"> <li>• 95/12/EC – Household washing machines</li> <li>• 95/13/EC – Household electric tumble driers</li> <li>• 96/60/EC – Household combined washers-driers</li> <li>• 97/17/EC – Household dishwashers</li> <li>• 98/11/EC – Household lamps</li> <li>• 2002/40/EC -Household electric ovens</li> <li>• 2002/31/EC - Household air-conditioners</li> <li>• 2003/66/EC - household electric refrigerators, freezers and their combinations</li> </ul> <p>Minimum energy efficiency requirements for energy using products:</p> <ul style="list-style-type: none"> <li>• 92/42/EC – Hot water boilers</li> <li>• 96/57/EC – Household electric refrigerators, freezers and combinations</li> <li>• 2000/55/EC – Ballasts for fluorescent lighting</li> </ul> <p>Regulation (EC) No 2422/2001 - energy efficiency labelling programme for office equipment (Energy Star)</p> <p>COM(2003)453: Proposal for a Directive on establishing a framework for the setting of Eco-design requirements for energy using products</p>
<p>Establishing the internal energy market</p>	<p>Degree of openness for gas and electricity markets (Eurostat data)</p>	<p>Electricity and Gas Directives on establishing the internal energy market (Directives 96/92/EC and 98/30/EC respectively)</p>

#### 5.4. Method of Implementation (indicative)

The method chosen for the implementation of the action is:

***Centralised Management.***

The action will be partly directly managed by the Commission and partly indirectly by delegation to national public-sector bodies/bodies with public-service mission (the European Investment Fund) for the implementation of the Community financial instruments for SMEs.

Concerning other possibilities for indirect management and given the nature of the actions and projects planned within the proposed programme (2007-2013), ***the Commission considers making use of an existing executive agency or creating a new one.*** This will concern only tasks that do not involve political choices.

## 6. MONITORING AND EVALUATION

Regular monitoring of the implementation of the framework Programme and of its specific programmes is foreseen, in accordance with the principles of sound financial management. Monitoring shall include the drawing up of regular reports on progress made in implementing the supported activities by means of financial implementation, results and impact indicators. Audits of individual programme elements will also be carried out on a regular basis, as part of the annual programming and management cycle of the Commission.

The Commission shall also establish, for each specific programme, an annual implementation report regarding the supported activities by means of financial implementation, results and impact indicators.

### 6.1. Evaluation

#### 6.1.1. Ex-ante evaluation

##### *The Entrepreneurship and Innovation Programme*<sup>14</sup>

A combined impact assessment and ex-ante evaluation for a Programme of Community Support for Entrepreneurship and Enterprise Competitiveness was carried out in 2004. The current multiannual programme (MAP) for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs), adopted by Council Decision 2000/819/EC will end at the end of 2006<sup>15</sup>. The Commission therefore undertook an extensive combined impact assessment and ex-ante evaluation of the programme foreseen to follow on from the MAP, which would also incorporate certain Innovation activities from the Framework Programme for Research and Technical Development.

The combined impact assessment and ex-ante evaluation was used to formally verify that the financial intervention as proposed is based on a coherent strategy, which is relevant to the needs, problems and issues that it is supposed to address. It also helped to ensure that this intervention is complementary to, coherent with and not in contradiction with other public interventions and that the necessary monitoring and evaluation systems are being designed into the programme in order to facilitate the intermediate and ex-post evaluations to take place at a later date. It examined alternative policy approaches in view

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<sup>14</sup>

<sup>15</sup> It was originally due to end at the end of 2005. However, due to the decision to examine the possibility to establish a Competitiveness and Innovation framework Programme, a procedure to prolong the multiannual programme (MAP) for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises to 31 December 2006 is currently underway.

of the pursued objectives and explains why the Commission opted for the proposed programme design and its delivery method. It presented the expected economic, social and environmental impacts of the proposed new programme, and dealt with the cost-effectiveness of the proposed programme. It described what was considered to ensure that monitoring and future evaluations of the programme will be possible and reliable. Potential risks for fraud and counter measures were also contemplated. A detailed public consultation of stakeholders was carried out when designing the proposal for the new programme. The combined impact assessment and ex-ante presents its design, the results obtained and how the gathered views and comments have been dealt with in preparing the programme<sup>16</sup>.

### The ICT policy support Programme

Today, investments in ICTs and the use of on-line services in Europe is lower and slower than our major competitors<sup>17</sup>, especially in service sectors. This is undermining the Union's potential for economic growth, for improving its public sector services and for addressing major upcoming societal and economic challenges.

While the prime responsibility remains with business and national public administrations when making their investment programmes, Community actions play a key role. Without sufficient financial support:

- There will be insufficient support to pilot actions demonstrating the benefits of ICT to citizens and businesses.
- The development of fragmented and non interoperable ICT based services of public interest in the member states. Investment in ICT in public services in the member states will be tens of Billion Euro per year in the next decade. Community support is essential to ensure sharing best practice, costs reductions and above all the development of interoperable solutions and pan European services.
- A reduced budget will lead to a wide digital divide between a Europe that is aware of ICT potential and a Europe that is far from innovation and best use of ICT.
- This also has effects on the integration of an enlarged Europe and will lead also to the loss of cultural assets stemming from multilingualism and cultural diversity.

What impact will it have on the Lisbon goals?

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<sup>16</sup> Final report available on request at [ENTR-DEVELOP-ENTERPR-POLICY@cec.eu.int](mailto:ENTR-DEVELOP-ENTERPR-POLICY@cec.eu.int)

<sup>17</sup> Between 1995 and 2001, investment in IT capital goods ran at 1.6 % of GDP less than the US; from Francesco Daveri, Why is there a productivity problem in the EU?, Centre for European Policy Studies.

A clear evidence of the role of ICT in achieving the Lisbon goals is its impact on productivity growth. More than half of the productivity growth gap between Europe and the US in the last decade was due to under investment in ICT.

In addition to being a high growth sector, ICTs represent a substantial and increasing part of the added value of all innovative products and services which are the sources of new economic activities and jobs creation.

#### *The Intelligent Energy Europe Programme*

An ex-ante evaluation of the renewal of the multiannual Community programme for action in the field of energy “Intelligent Energy – Europe II” (2007-2013) was conducted by a committed panel of high-level, independent experts, chaired by Ms. Lis Broome, all belonging to the consortium that was formed by ECORYS Nederland BV, ECOTEC Research and Consulting Ltd and COWI A/S. The experts have carried out a thorough study based on a variety of inputs, including existing assessments of previous programmes, relevant market reports and taking into account the results from wider stakeholder consultations. The evaluation comprised seven stages, whose outcomes and recommendations are summarised below. Some parts of it are further developed elsewhere in this Financial Statement.

This evaluation has been used to formally verify that the financial intervention as proposed is based on a coherent strategy, which is relevant to the needs, problems and issues that it is supposed to address. It also helps to ensure that this intervention is complementary to, coherent with and not in contradiction with other public interventions and that the necessary monitoring and evaluation systems are being designed into the programme in order to facilitate the intermediate and ex-post evaluations to take place at a later date.

The final report has been submitted to the Commission services on 26 May 2004 and is available on request at [tren-info@cec.eu.int](mailto:tren-info@cec.eu.int).

#### 6.1.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

##### *The Entrepreneurship and Innovation Programme*

External evaluations by independent experts<sup>18</sup> have confirmed that the multiannual programme (MAP) for enterprise and entrepreneurship, and in particular for small and

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<sup>18</sup> Final Evaluation on the Multiannual Programme for enterprise and entrepreneurship and in particular for SMEs, SEC (2004) 1460 of 15.11.2004, also available at

medium-sized enterprises (SMEs) (Council Decision 2000/819/EC), met its overall objectives and that its delivery instruments are effective:

- The Community financial instruments for SMEs were found to have contributed successfully to facilitating SMEs’ access to finance. They address recognised market gaps or market failures which will continue to exist despite the integration of the financial services market. In addition, greater visibility for the Community financial instruments should be achieved. The role of the European Investment Fund (EIF) in operating Community financial instruments for SMEs has been considered a best practice.
- The evaluations have positively stressed the role of business support services for SMEs. However, these evaluations suggested strengthening their transversal role Network in the delivery of the programme, including raising awareness, promoting and disseminating the programme including its instruments, activities and results.
- It was also suggested that activities aiming to exchanging experience and identifying good practices between the Member States with a view to improve the environment for entrepreneurship and enterprise become more focussed. Also, monitoring the follow-up activities carried out by the Member States would add value in this regard.

The lessons learnt from evaluations are being applied directly in the new programme, as demonstrated below:

What the evaluators found:	How it is addressed by the proposed programme:
Lack of consistency between the objectives of the programme and actions carried out under the programme	Clear objectives and actions
Better integration of various policy making instruments	Focus on stable objectives and transversal delivery instruments for the entire programme
Visibility of the programme, including financial instruments, should be improved	More awareness raising via programme support and the transversal role of the business and innovation support services
Allocated resources do not correspond to the programme’s targets	Objectives and resources have been reviewed
Best projects, best practices studies should be better promoted	More awareness raising via programme support and the transversal role of the business and innovation support services
Overall number of actions should be reduced to enhance visibility	Will be achieved via the framework clear objectives and actions

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/mult\\_entr\\_programme/doc/sec\\_2004\\_1460\\_en.pdf](http://europa.eu.int/comm/enterprise/enterprise_policy/mult_entr_programme/doc/sec_2004_1460_en.pdf)

The business support services Mission should be redefined & adapted to the needs of enterprises	Not only their mission, but also the management support will be re-oriented
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As regards environmental technologies, the mid-term evaluation of the LIFE III instrument confirmed that its part on Environment (LIFE-Environment) has demonstrated and proven a variety of clean technologies in key areas, such as improving water quality and recycling waste, the adoption of which will aid the implementation of EU environmental policy.

Member States value the programme and feel that LIFE complements and fills the gaps in national programmes. It is felt that LIFE projects are most effective where the private and public sectors work together and where larger SME's are involved. There has been considerable debate both in the Commission and amongst Member States over the definition of innovation and whether only projects that are innovative across Europe should qualify for support. The evaluation criteria regarding the innovation character of proposals has been reinforced consequently. In addition, nearly all stakeholders feel that LIFE-Environment should improve the dissemination in particular as regards the replication of the results of the projects funded.

#### The ICT policy support Programme

External evaluations by independent experts have confirmed that eContent, eTEN and PROMISE (now Modinis) programmes, contribute to the achievement of their overall objectives and guarantee value added. However, evaluations stated that the following improvements are to be achieved in a number of areas, where the ICT Policy Support Programme could provide ground for increased synergy, effectiveness and impact.

#### eContent

Main emerging needs have been identified as follows:

- to help overcome barriers originated by cultural, linguistic, legal, organisational and technical European specificity that hamper usability and reusability, searchability and interoperability of digital content in areas of public interest;
- to pursue further the potential of digital content technologies for the availability of "quality" content-based information services for businesses and citizens, particularly those stimulated by the cross border re-use of public sector information consequent to adoption of the *Public Sector Information (PSI) Directives*;

- to accompany the roll out of broadband networks and the deployment of “3G” services by enhancing the process of development, use and exploitation of suitable content;
- to help attaining the full potential of distributed systems such as the World Wide Web;
- to improve structured access to existing good practices and initiatives; to facilitate a more structured co-operation in the field of digital content at European level.

#### eTEN

The evaluation also pointed to the importance of the programme and the need to re-shape it. In this sense too, the Commission should consider if needs may be better fulfilled by supporting the roll-out of services that are operable in one MS to other MSs (i.e replication of validated services) rather than simply looking to fund new services across borders<sup>19</sup>

#### MODINIS (former PROMISE)

The MODINIS programme takes stock of the PROMISE experience and established the necessary tools for improving coordination among member States and between them and the EU, hence, possibly reinforcing the means of the Open Method of Coordination.

#### *The Intelligent Energy Europe Programme*

The outcomes and recommendations of available evaluations can be summarised as follows.

- There is a real need for a Community led financial instrument to follow on from the current programme beyond 2006. It will be an essential contribution to achieving the EU targets and objectives for sustainable energy. It brings added-value to other Community and national initiatives.
- The new programme should provide continuity to the support under the current programme. It should concentrate on increasing the level of investment in sustainable energy technologies, increasing the demand for sustainable energy and strengthening administrative capacity to develop strategies and policies as well as to implement existing regulations. It is very important that the programme links directly with other Community and Member States programmes and policies in order to guarantee mainstream funding, exploit synergies and multiply the impact of the Community financial intervention.
- The increased financial framework for the programme is in line with the evolution proposed for the follow-on programme.

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<sup>19</sup> Intermediate Evaluation of the eTEN (formerly TEN-Telecom) Programmes (Executive Summary) – European Commission, DG Information Society, December 2004.

- As regards management, the Commission should later evaluate the performance of the Intelligent Energy Executive Agency and consider the externalisation of the programme management to this body.
- The development of a monitoring indicator system is difficult, mainly because the intervention favours both “hard” (result from the concrete replication projects) and “soft” (result from the other measures funded through the programmes, e.g. promotion, dissemination) impacts.
- There are a number of potential risks that the proposed programme might face, but most of them can be minimised through the careful design of the Work Programme.

### 6.1.3. Terms and frequency of future evaluation

The framework Programme and its specific programmes shall be subject to interim and final evaluations which shall examine issues such as relevance, coherence and synergies, effectiveness, efficiency, sustainability and utility. The interim evaluations may also include ex-post evaluation elements with regard to previous programmes.

The interim and final evaluations of the specific programmes and the necessary budgetary allocations shall be included in the respective work programmes of those programmes.

The interim evaluation of the framework Programme shall be completed by 31 December 2009, the final evaluation by 31 December 2011.

The interim and final evaluations of the specific programmes shall be arranged in a way that their results can be taken into account in the interim and final evaluation of the framework Programme.

## 7. ANTI-FRAUD MEASURES

A large number of financial and administrative control mechanisms are provided for, corresponding to the specific nature of the action concerned. They apply throughout the process and include in particular:

Before contract signature:

- Responsible definition of actions and drafting of specifications ensuring controllability of the achievement of the required results and of the costs incurred;
- Qualitative and financial analysis of the tenders, proposals or applications for subsidy;
- Involvement of other Commission departments concerned in order to avoid any duplication of work;

After contract signature:

- Examination of the statements of expenditure before payment, at several levels (financial manager, responsible technical officers) and consultation of the Commission departments concerned as regards the results;
- Payment for the work, after acceptance, on the basis of a percentage estimated before awarding the contract and in the light of a final financial report on the action;

- Internal audit by the financial controller;
- Local inspection to detect errors or other irregularities by examination of the supporting documentation.

Information and monitoring of compliance with procedures by experts from the Member States invited to the meetings of the Programme Committee referred to in Article 8(2). Other bodies concerned, such as the European Parliament, will be fully informed about the results

A large part of the proposed budget for the new programme will be dedicated to the Community financial instruments. It is proposed that their management is continued to be carried out with the European Investment Fund (EIF), building on the control and monitoring arrangements currently in place. The EIF deals with intermediaries from the financial sector with high professional standards. The EIF's monitoring and control procedures have been subject to multiple audits by external auditors and by the European Court of Auditors and are found to operating satisfactorily. Additionally, it is proposed to cooperate with International Financial Institutions such as the European Bank for Reconstruction and Development (EBRD) for the Capacity building. In these cases management agreements will require the same standards of monitoring and control as those with the EIF. In addition, the proposed Decision provides for monitoring and financial control by the Commission (or any authorised representative), including the European Anti-Fraud Office, and for audits by the Court of Auditors, which may be undertaken in situ as necessary.

## 8. DETAILS OF RESOURCES

### 8.1. Objectives of the proposal in terms of their financial cost

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2007		Year 2008		Year 2009		Year 2010		Year 2011		Year 2012		Year 2013		TOTAL	
			n		n+1		n+2		n+3		n+4		n+5		n+6			
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost

Entrepreneurship and innovation Programme																		
<b>Operational objective N° 1</b>	<b>provide for action to support, improve, encourage and promote access to finance for the start-up and growth of SMEs and investment in innovation activities, including eco-innovation</b>																	
Action 1	increase investment volumes of risk capital funds and investment vehicles promoted by business angels [art 11 (a)]																	
Action 2	provide leverage to SME debt financing instruments [ art 11 (b)]																	
Action 3	improve the financial environment for SMEs [art 11 (c)]																	
Sub-total Objective n°1				117		130		143		148		158		170		170		1036
Of which total ECO				15		17		19		21		23		26		29		150
<b>Operational objective N°2</b>	<b>provide for action to support, improve, encourage and promote creation of an environment favourable to SME co-operation</b>																	
Action 1	foster services in support of SMEs [art 12 (a)]																	
Action 2	contribute to measures helping SMEs to cooperate with other enterprises across borders, including SME involvement in the field of European standardisation [ art 12 (b)]																	
Action 3	promote and facilitate international business cooperation [art 12 (c)]																	
Sub-total Objective n°2				101		84		43		46		104		115		77		570

Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2007		Year 2008		Year 2009		Year 2010		Year 2011		Year 2012		Year 2013		TOTAL	
			n		n+1		n+2		n+3		n+4		n+5		n+6			
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost

<b>Operational objective N° 3</b>	<b>provide for action to support, improve, encourage and promote innovation in enterprises, including eco-innovation</b>																	
Action 1	foster sector-specific innovation, clusters, innovation networks, public- private innovation partnerships and cooperation with relevant international organisations and the use of innovation management [art 13 (a)]																	
Action 2	support national and regional programmes for business innovation [art 13 (b)]																	
Action 3	support the take-up of innovative technologies [ art 13 (c)]																	
Action 4	support services for trans-national knowledge and technology transfer and for intellectual and industrial property management [ art 13 (d)]																	
Action 5	explore new types of innovation services [art 13 (e)]																	
Action 6	foster technology and knowledge through data archiving and transfer [art 13 (f)]																	
Sub-total Objective n° 3				35		51		122		139		114		95		177		733
Of which ECO-Innovation				24		26		44		53		65		41		71		324
<b>Operational objective N° 4</b>	<b>provide for action to support, improve, encourage and promote entrepreneurship and innovation culture</b>																	
Action 1	encourage entrepreneurial mindsets, skills and culture, and the balancing of entrepreneurial risk and reward, in particular for young entrepreneurs [art 14 (a)]																	
Action 2	encourage a business environment favourable to innovation, enterprise development and growth [ art 14 (b)]																	
Action 3	support policy development and cooperation between actors, including national and regional programme managers [art 14 (c)]																	
Sub-total Objective n° 4				10,9		38,9		18,9		25,9		16,9		46,8		27,7		186
Of which ECO-Innovation				2,5		9,5		4,5		7		4		11,5		7		46
Sub-total objective n°3 and n°4				45,9		89,9		140,9		164,9		130,9		141,8		204,7		919
Of which total ECO-Innovation				26,5		35,5		48,5		60		69		52,5		78		370

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2007		Year 2008		Year 2009		Year 2010		Year 2011		Year 2012		Year 2013		TOTAL	
			n		n+1		n+2		n+3		n+4		n+5		n+6			
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost

Operational objective N°5	provide for action to support, improve, encourage and promote enterprise and innovation related economic and administrative reform																	
Action 1	collect data, analyse and monitor performance, and develop and coordinate policy [ art 15 (a)]																	
Action 2	contribute to the definition and promotion of competitiveness strategies related to industry and service sectors [art 15 (b)]																	
Action 3	support mutual learning for excellence in national and regional administrations [art 15 (c)]																	
Sub-total Objective n° 5				19,1		9,1		13,1		14,1		15,1		11,2		24,3		106
Total objective 1-5				283,00		313,00		340,00		373,00		408,00		438,00		476,00		2631,00

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2007		Year 2008		Year 2009		Year 2010		Year 2011		Year 2012		Year 2013		TOTAL	
			n		n+1		n+2		n+3		n+4		n+5		n+6			
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost

### ICT policy support Programme

<b>Operational objective N°1</b>	<b>provide for action to develop the Single European information space and to strengthen the internal market for information products and services</b>																	
Action 1	ensure seamless access to ICT-based services and establish appropriate framework conditions for rapid and appropriate take up of converging digital communications and services, including interoperability, security and trust aspects [art 27 (a)]																	
Action 2	improve the conditions for the development of digital content with a special emphasis on multilingualism and cultural diversity [art 27 (b)]																	
Action 3	monitor the European Information Society, through data collection and analysis of the development, availability and use of digital communication services including the growth of internet, access to broadband as well as developments of content and services [art 27 (c)]																	
Sub-total Objective n°1				10		10		47		48		49		51		52		267
<b>Operational objective N°2</b>	<b>provide for action to stimulate innovation through a wider adoption of and investment in ICTs</b>																	
Action 1	promote innovation in processes, services and products enabled by ICTs, in particular in SMEs and public services, taking into account the necessary skills requirements [art 28 (a)]																	
Action 2	facilitate public and private interaction as well as partnerships for accelerating innovation and investments in ICTs; [art 28 (b)]																	
Action 3	promote and raise awareness of the opportunities and benefits that ICTs bring to citizens and businesses and stimulate debate at the European level on emerging ICT trends [art 28 (c)]																	
Sub-total Objective n°2				20		20		27		27		28		29		30		181
<b>Operational objective N°3</b>	<b>provide for action to develop an inclusive information society and more efficient and effective services in areas of public interest and to improve quality of life</b>																	
Action 1	widen ICT accessibility and digital literacy [art 29 (a)]																	
Action 2	reinforce trust and confidence as well as support of ICT use, address in particular privacy concerns [art 29 (b)]																	
Action 3	improve the quality, efficiency and availability of electronic services in areas of public interest and for ICT enabled participation, including interoperable pan-European or cross border public services as well as the development of common interest building blocks and share good practices [art 29 (c)]																	
Sub-total Objective n°3				39,7		40,9		49		53		55		57		59		353,6
Total objective 1-3				69,70		70,90		123,00		128,00		132,00		137,00		141,00		801,60

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year 2007		Year 2008		Year 2009		Year 2010		Year 2011		Year 2012		Year 2013		TOTAL	
			n		n+1		n+2		n+3		n+4		n+5		n+6			
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost

### INTELLIGENT ENERGY – EUROPE II Programme

<b>VE)</b>	<b>provide for action to foster energy efficiency and the rational use of energy resources (SAVE)</b>																	
<b>Action 1</b>	improve energy efficiency and the rational use of energy in particular in the building and industry sectors, with the exception of actions covered by Article 41 (STEER) [art 39 (a)]																	
<b>Action 2</b>	support the preparation of legislative measures and their application [art 39 (b)]																	
<b>Sub-total Objective n°1</b>				23,5		25		31,25		37,75		50,85		53,8		61,65		283,8
<b>Operational objective N°2</b>	<b>provide for action to promote new and renewable energy sources and to support energy diversification (ALTENER)</b>																	
<b>Action 1</b>	promote new and renewable energy sources for centralised and decentralised production of electricity and heat and supporting the diversification of energy sources, with exception of actions covered by Article 41 (STEER) [art 40 (a)]																	
<b>Action 2</b>	integrate new and renewable energy sources into the local environment and the energy systems [art 40 (b)]																	
<b>Action 3</b>	support the preparation of legislative measures and their application [art 40 (c)]																	
<b>Sub-total Objective n°2</b>				24,5		27		38,25		40,5		55,2		63,85		67,05		316,35
<b>Operational objective N°3</b>	<b>provide for action to promote energy efficiency and the use of new and renewable energy sources in transport (STEER)</b>																	
<b>Action 1</b>	support initiatives relating to all energy aspects of transport, and the diversification of fuels [art 41 (a)]																	
<b>Action 2</b>	promote renewable fuels and energy efficiency in transport [art 41 (b)]																	
<b>Action 3</b>	support the preparation of legislative measures and their application [art 41 (c)]																	
<b>Sub-total Objective n°3</b>				12		18		20,5		21,75		30,95		34,35		42,3		179,85
<b>Total objective 1- x</b>				60,00		70,00		90,00		100,00		137,00		152,00		171,00		780,00

Competitiveness and Innovation framework Programme								
	Total 2007	Total 2008	Total 2009	Total 2010	Total 2011	Total 2012	Total 2013	Total
Entrepreneurship and innovation Programme	283,00	313,00	340,00	373,00	408,00	438,00	476,00	2631,00
ICT policy support Programme	69,70	70,90	123,00	128,00	132,00	137,00	141,00	801,60
INTELLIGENT ENERGY – EUROPE II Programme	60,00	70,00	90,00	100,00	137,00	152,00	171,00	780,00
<b>CIP Total</b>	<b>412,70</b>	<b>453,90</b>	<b>553,00</b>	<b>601,00</b>	<b>677,00</b>	<b>727,00</b>	<b>788,00</b>	<b>4212,60</b>

## 8.2. Administrative Expenditure

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure. The allocation of posts should take into account an eventual reallocation of posts between departments on the basis of the new financial perspectives

### 8.2.1. Number and type of human resources

**This table only shows ADDITIONAL posts needed for the framework Programme implementation.**

Types of post		Staff to be assigned to management of the action using <b>additional</b> resources (number of posts/FTEs)						
		2007	2008	2009	2010	2011	2012	2013
Officials or temporary staff <sup>89</sup> (XX 01 01)	A*/AD	15	-	-	-	-	-	
	B*, C*/AST	15	-	-	-	-	-	-
Staff financed <sup>90</sup> by art. XX 01 02								
Other staff <sup>91</sup> financed by art. XX 01 04/05		NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>		30						

### 8.2.2. Description of tasks deriving from the action

11 additional posts (5 AD and 6 AST) are necessary for the increased workload in DG Economic and Financial Affairs related to the increase of budget for the financial instruments for SMEs and the implementation of the capacity building.

10 additional posts (4 AD and 6 AST) are necessary for ensuring the overall coordination of the programme in DG Enterprise and Industry and to the implementation of the new instruments in support of innovation.

<sup>89</sup> Cost of which is NOT covered by the reference amount.

<sup>90</sup> Cost of which is NOT covered by the reference amount.

<sup>91</sup> Cost of which is included within the reference amount.

5 additional posts (2 AD and 3 AST) are necessary for the increased workload in DG Environment related to the follow-up of the programme and the implementation of new actions regarding eco-innovation. It should be noted that the phasing out of the current LIFE programme and the launch of the future LIFE+ will allow only limited re-allocation of staff to these new tasks.

4 additional posts (4 AD) are required to manage the ICT actions in DG Information Society and Media.

### 8.2.3. Sources of human resources (statutory)

The Programme will mainly be managed by posts currently allocated to the management of the programmes to be replaced by the CIP.

If the structure of the new financial perspectives allows for a shift between the two establishment plans:

- 23 Research posts in DG Enterprise and Industry currently working in Innovation (FP6) are to be transformed in “Fonctionnement” posts, as from 2007 (14 AD, 9 AST), as some activities, currently performed under the FP6, will be continued under the CIP;
- 16 Research posts in DG Information Society and Media are currently working on non Research area and are to be transformed in “Fonctionnement” posts, as from 2007 (11 AD and 5 AST) to work in the ICT Programme. This is a “part” of the compensation already requested by DG INFSO in the framework of the APS exercise 2006, where 50 Research posts were requested to be transformed in “fonctionnement“ posts.

### 8.2.4. Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)

*EUR million (to 3 decimal places)*

Budget line (number and heading)	2007	2008	2009	2010	2011	2012	2013	TOT AL
<b>1 Technical and administrative assistance (including related staff costs)</b>								

Executive agencies <sup>92</sup>	NA	NA	NA	NA	NA	NA	NA	NA
Other technical and administrative assistance	NA	NA	NA	NA	NA	NA	NA	NA
- <i>intra muros</i>								
- <i>extra muros</i>								
<b>Total Technical and administrative assistance</b>	27	30	37	40	47	50	55	286

#### 8.2.5. Financial cost of human resources and associated costs not included in the reference amount<sup>93</sup>

EUR million (to 3 decimal places)

Type of human resources	2007	2008	2009	2010	2011	2012	2013
Officials and temporary staff (XX 01 01)	3,240	3,240	3,240	3,240	3,240	3,240	3,240
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.)  (specify budget line)	-	-	-	-	-	-	-
<b>Total cost of Human Resources and associated costs (NOT in reference amount)</b>	3,240	3,240	3,240	3,240	3,240	3,240	3,240

#### Calculation– *Officials and Temporary agents*

The cost of the 30 additional officials and temporary staff (XX 01 01) posts has been calculated at an average cost of 108000 € per post year.

Total: 3.240.000

#### 8.2.6 Other administrative expenditure not included in reference amount

<sup>92</sup> To be determined; as far as the Intelligent Energy – Europe Programme is concerned, the same proportion of expenses for the executive agency will be aimed for as under the Intelligent Energy – Europe (2003-2006) programme.

<sup>93</sup> Increase in staff only foreseen for the first year (2007), therefore costs remain stable throughout the period.

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	-	-	-	-	-	-	-
XX 01 02 11 02 – Meetings & Conferences	-	-	-	-	-	-	-
XX 01 02 11 03 – Committees <sup>94</sup>	-	-	-	-	-	-	-
XX 01 02 11 04 – Studies & consultations	-	-	-	-	-	-	-
XX 01 02 11 05 - Information systems	-	-	-	-	-	-	-
<b>2 Total Other Management Expenditure (XX 01 02 11)</b>	-	-	-	-	-	-	-
<b>3 Other expenditure of an administrative nature</b> (specify including reference to budget line)	-	-	-	-	-	-	-
<b>Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)</b>	-	-	-	-	-	-	-

Calculation - *Other administrative expenditure not included in reference amount*

It is envisaged to run the framework Programme with no additional administrative expenditure not included in the reference amount, as compared to the current expenditure for the implementation of the Programme's elements as existing today.

<sup>94</sup> Specify the type of committee and the group to which it belongs.