

Manual of European Environmental Policy

The following pages are a section from the Manual of European Environmental Policy written by the Institute for European Environmental Policy.

The Manual was published by Earthscan/Routledge from 2010 to 2012. It was designed as an on-line interactive reference work and annual printed versions were also produced.

This section is the text of the Manual as published in 2012. It is therefore important to note the following:

- The contents have not been updated since 2012 and no guarantee is given of the accuracy of the contents given potential subsequent developments.
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The Manual should be cited as follows:

Farmer, A.M. (2012) (Editor). Manual of European Environmental Policy. 1043pp. Routledge, London.

The Competitiveness and Innovation Framework Programme

Formal reference	
1639/2006/EC (OJ L 310, 9.11.2006)	Decision of the European Parliament and of the Council of establishing a Competitiveness and Innovation Framework Programme (2007–2013)
Proposed by 6.4.2005 – (COM(2005)121)	
Legal base	Article 192 TFEU (originally Art. 175 TEC)
Binding dates	
Entry into force	24 October 2006
Formal compliance	29 November 2006

Purpose of the Decision

The Competitiveness and Innovation programme (CIP) supports innovation activities (including eco-innovation) in the European Union (EU), especially for small and medium enterprises (SMEs). It aims to encourage the increased take up of information and communication technologies. It includes the use of renewable energies and energy efficiency.

Summary of the Decision

The CIP has been created by Decision 1639/2006/EC, for a five-year period, from 2007 to 2013. The CIP, according to the Commission, is designed to ‘close the gap between research and innovation’ by providing easier funding for research and development¹. Article 1 of the Decision states that the CIP does not cover the research, technological development and demonstration activities carried out in accordance with Article 182 (formerly Article 166 of the Treaty) concerning [the Framework Programme for research and technology development](#). The CIP is implemented through three programmes each pursuing its own objectives and working from its particular budget.

The Entrepreneurship and Innovation Programme

The Entrepreneurship and Innovation Programme aims to provide support for SMEs through venture capital investment and a loan guarantee instrument. It is designed to facilitate the access to finance through the CIP financial instruments. It also encourages eco-innovation and the improvement of the general financial environment. Under this programme an enterprise Europe network has been created to link the business centres through EU and help them collaborate.

Nearly one-third of the CIP overall budget (€1.1 billion) is directed towards the financial instruments that help SMEs access finance. There are three financial instruments established under this programme: the high growth and innovative SME facility; the SMEs guarantee (SMEG) facility and the capacity building scheme. They are all implemented by the

European Investment Fund (EIF). It is estimated that 400,000 SMEs should benefit from this fund.

The Information and Communication Technologies Policy Support Programme

The Information and Communication Technologies Policy Support Programme aims to develop a single European information space. It provides incentives for the development of information and communications products and services. It also aims to develop an inclusive information society and more efficient and effective services in areas of public interest, and improvement of quality of life. The grants it provides are mainly for pilot actions. It involves a large range of areas:

- ICT for health, ageing and inclusion.
- Digital Libraries.
- ICT for improved public services.
- ICT for energy efficiency and smart mobility.
- Multilingual web and internet evolution.

The Intelligent Energy Europe Programme

The Intelligent Energy Europe Programme (IEE) is concerned with energy management and energy efficiency throughout the EU. It follows on from the Intelligent Energy Europe 2003–2006 programme. One of the objectives of IIE is to promote energy efficiency and the use of new renewable energy sources, with a particular focus on the transport sector. Local and regional energy agencies support the work of the IEE. They spread management practices, provide information guidance, and offer a range of services based on specific local needs. More than 60 energy agencies have been created since 2004. They add to the 200 agencies set up under SAVE II, the predecessor of the IEE programme. They support projects and provide training on new construction techniques, technologies and ways to improve energy efficiency and energy effectiveness.

Under the IEE programme different strategies have been adopted. The SAVE strand focuses on energy efficiency and a rational use of resources, in particular for the building and industry sectors. The ALTENER action is designed to help promote new and renewable energy resources in the production of electricity, heat and cooling. The STEER strategy is directed toward the promotion of energy efficiency and renewable energies in the transport sector. Integrated Initiatives allow addressing energy efficiency and renewable sources altogether. This programme is managed by the Executive Agency for Competitiveness and Innovation.

Budget and Funding Allocation

The CIP has an overall budget of €3.621 million that is distributed between the three programmes. The majority (60 per cent or €2.166 million) has been attributed to the Entrepreneurship programme. The remaining programmes have a budget of respectively €728 million and €727 million.

The CIP is open for third countries. Article 4 of Decision 1639/2006/EC lists the entities allowed to participate, they are:

- European Free Trade Association (EFTA) countries that are members of the European Economic Area (EEA).
- Accession and Candidate Countries benefiting from a pre-accession strategy.
- Countries of the Western Balkans.
- Other third countries, when agreements and procedures so allow.

The programmes of the CIP work autonomously. For the allocation of funding, the management committee of each programme establishes a work programme, which gathers the projects proposals that are pre-selected for funding. Once approved by the Commission, the work programme is transferred to the relevant European Commission department that will manage the activities. Additionally, the Commission adopts a group of supporting measures under the EIP programme; they are distinctive because they do not require submission to the management committees. They are described in Article 24 of Decision 1639/2006/EC and encompass:

- Analysis and monitoring of competitiveness and sectoral issues, including for the Commission's annual report on the competitiveness of European industry.
- Preparation of impact assessments of Community measures of particular relevance for the competitiveness of enterprises and their publication with a view to identifying areas of existing legislation requiring simplification or the need for new legislative measures to make innovation more attractive in the Community.
- Evaluation of specific aspects or specific implementation measures in relation to the Entrepreneurship and Innovation Programme.
- Dissemination of appropriate information in relation to the Entrepreneurship and Innovation Programme.

Calls for proposals are made at regular intervals and are accessible through the websites of each, the Entrepreneurship and Innovation Programme², the Information and Communication Technologies Policy Support Programme³, and the IEE⁴. Grants are provided for pilot and market replication projects on eco-innovation or for policy makers to network or exchange best practices. Market replication designates a project whose aim is to give an existing eco-innovating project a chance to reach the global market. Support is given to access financial services for SMEs in priority.

The CIP and its specific programmes are subject to interim and final evaluations. These examine issues such as relevance, coherence and synergies, effectiveness, efficiency, sustainability utility, and distribution of funding with regard to sectors. In addition, the final evaluation will examine the overall results of the CIP and the achievement of its objectives.

Development of the Decision

Decision 1639/2006/EC adopting the CIP on 29 October 2006 was preceded by a Commission proposal (COM(2005)121). It was designed to help reach the Lisbon Strategy objectives which are to make of the European economy, the most innovative and competitive by 2010. The [2003 Spring European Council Conclusions](#) called for 'an integrated strategy for competitiveness to be developed by the Commission, reviewing on a regular basis both

horizontal and sectoral issues'. The Commission suggested in November 2003 ([COM\(2003\)704](#)), the idea of a framework programme for competitiveness and innovation for the following budgetary period. The rationale was to avoid the dissipation of institutions and services and gather all the different existing instruments within one framework. The CIP builds on previous programmes that are now integrated within its structure, for example the Multiannual Programme for Enterprise and Entrepreneurship (MAP) that was active from 2001 to 2006. It also integrated a part of LIFE environment, eTen, eContents and Modinis. It also incorporates ALTENER and SAVE that existed independently. The first ALTENER programme ran from 1993 to 1997, and the second from 1998 to 2002 and aimed to promote the use of renewable energies with the view to reduce carbon dioxide emissions. The initial SAVE programme ran from 1991 to 1996, with SAVE II active from 1996 to 2000. In 2000 the SAVE programme was incorporated into the Energy Efficiency Programme. The STEER programme was added to the EEI programme in 2004. The CIP is the first programme adopted tackling innovation and competitiveness in a way that can be described as systematic and synergetic.

Implementation of the Decision

The Commission produces annual reports on the implementation of the CIP. The latest 2010 implementation report found that with an annual budget of €534 million for 2010, the programme contributed effectively to improving SMEs' access to finance and rate of innovation.⁶ Among other things, it increased the number of pilot projects funded in the area of eco-innovation through actions for first application or market replication of eco-innovative techniques, products, services or practices of Union relevance; supported pilot actions aimed at solving interoperability issues and validating innovative ICT based services; and financed market replication projects, in the field of sustainable energy. Under the IEE, a number of project targeting energy efficiency and renewables were implemented. In addition, a new initiative - the European Local Energy Assistance (ELENA facility) - was established in cooperation with the European Investment Bank to aid local and regional public authorities to prepare and implement sustainable energy projects. The budget of this facility for 2010 was €15 million. Overall, in 2010 the execution rate of the total budget allocated to the three different programmes under the CIP was above 99 per cent.

Evaluations of each of the three specific CIP programmes have been carried out.. The interim evaluation⁷ of the IEE programme concluded that the programme's effectiveness could be enhanced, notably through increasing its budget, further involving industry representatives, and by elaborating a strategic framework. Following on from these evaluations, an interim evaluation of the CIP⁷ itself was conducted in 2009. The evaluation concluded that the Commission could do more to, inter alia, disseminate information on the successful activities led under the CIP, provide Member States with information on the number of applicants for CIP funding, and continue to simplify administrative arrangements. At the end of 2011, the final evaluation of the CIP was published which covered all three programmes namely the IEE, EIP and ICT-PSP. Overall, the CIP has considered to be a major vehicle for promoting innovation and its objectives were seen to be coherent and to relate directly to the needs, problems and issues they were intended to address. Recommendations for the future included simplifying further the rules, strengthening the orientation of projects towards specific results and putting greater stress on the identifying and reporting of achievements. The evaluation found that in the case of the IEE the design of the Programme was such that it was difficult to validate its distinctive contribution and suggested that the definition of objectives, the determination of anticipated impacts, the formulation of indicators and the establishment of a

baseline should be reconsidered. A special case study on the effectiveness of funding for eco-innovation concludes that with the available funding it is not possible to promote extensive synergies across the CIP. One recommendation therefore was that there should be a further consideration of how such enterprises can effectively fund their subsequent development, including by access to venture capital.⁸

Further developments

The review of the CIP programme in light of the post-2013 Multi-annual Financial Framework preparations was initiated by a public consultation which took place in February 2011. 676 responses were received through an online survey and another 76 through written submissions. The Commission published a final report summarising the main results which were the following: nearly all participants maintained that the objectives of the possible successor programme to the CIP should be designed to improve the business and innovation environment for SMEs and to direct support in the form of grants to pilot actions testing innovative solutions is seen as the top priority. With regard to the management, there was a general demand to simplify the structure of the programme. In terms of relations with other EU programmes, respondents stressed the need to increase coordination and coherence with other EU instruments, particularly with the Structural Funds and the Framework Programme for research and technological development (FP) in order to create synergies and avoid duplication. There was broad support to retain the current priorities of the IEE with more emphasis to be given to actions fostering the use of renewable energies. Strong support was also given to the continuation of support for eco-innovation and clean technologies.⁹

The publication of the Commission proposals on the 2014-2020 EU MFF ([COM\(2011\)500 - Part II](#)), however, proposed a substantive change in the way funding for competitiveness and SMEs will be organised in the future. The Commission proposed that a new dedicated programme be established as a successor of the CIP whereas all research and innovation funding should form part of the new Common Strategic Framework – Horizon 2020 - for research and innovation (see section on The Seventh Research and Technology Development Framework [Programme](#)). In November 2011, the Commission tabled its formal proposals on the new Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) which will run from 2014 to 2020, with a planned budget of €2.5bn (current prices) ([COM\(2011\)834](#)). One of the main objectives of COSME among others is to improve the capacity of SMEs to adapt to a low-carbon, climate-resilient, energy and resource efficient economy due to limited financial means and limited expertise. The Commission's proposal will be discussed by the European Parliament and the Council, which must agree to adopt it. COSME should enter into force on 1 January 2014.

Related legislation

Synergies have been created with other EU funds such as:

- [The Seventh Research Framework Programme](#).
- [The Structural and Cohesion Funds](#).

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