

Background document to the public consultation on a possible successor programme to the Competitiveness and Innovation Framework Programme 2007 – 2013

1. Current programme

The Competitiveness and Innovation Framework Programme (CIP) 2007-2013¹ is one of the key EU funding instruments in support of competitiveness. The CIP is made up of three sub-programmes with the following objectives:

- **Entrepreneurship and Innovation Programme (EIP)** — improvement of the business environment, with particular emphasis on the needs of small and medium enterprises (SMEs) and promoting innovation;
- **ICT Policy Support Programme (ICT-PSP)** — information society acceleration;
- **Intelligent Energy Europe Programme (IEE)** — promotion of energy efficiency and renewable energy sources.

The three sub-programmes use a variety of instruments to achieve their objectives:

- facilitating access to finance through loan guarantees and venture capital of the EIP or the ELENA Facility of the Intelligent Energy Europe (IEE);
- offering business support services, such as the Enterprise Europe Network. Intermediaries supported in the past include: innovation agencies, chambers of commerce and regional development agencies;
- pilot and market replication projects, in the eco-innovation and ICT sectors, for example;
- measures supporting innovation, such as Europa INNOVA or PRO-INNO Europe;
- promoting trans-national cooperation and mutual learning among relevant public and private players, including business and innovation providers or policy makers at the European, national and regional levels;
- promotional campaigns, such as the Sustainable Energy Europe Campaign;
- Europe-wide studies aimed at improving policy.

2. Perspectives for a future programme

The EU expenditure programmes are linked to the multiannual financial frameworks (MFF) under the EU budget. The current MFF ends in 2013. The Commission is currently reflecting on the EU budget post-2013, including its expenditure programmes.

¹ http://ec.europa.eu/cip/index_en.htm.

Any successor to the CIP 2007-2013 should have the potential to highlight the importance of competitiveness-related expenditure outside the research area. Competitiveness-related expenditure in areas which come after the research phase is important for the implementation of the Europe 2020 strategy. This strategy aims to turn the EU into a smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion. Depending on the final design, the role of a possible successor programme may be to underpin a number of 'Europe 2020' flagship initiatives: 'Innovation Union', 'Industrial policy for the globalisation era', 'A digital agenda for Europe', 'Resource efficient Europe' and 'An agenda for new skills and jobs'.

Despite the reform efforts under the Lisbon Strategy, an EU initiative is necessary because average growth rate in the EU continues to be significantly lower than that of most of its main economic partners. This is mainly due to differences in economic structures and market behaviour. Compared to economic partners such as the US and Japan, the EU market has:

- lower levels of investment in research and development (R&D) and innovation;
- insufficient use of information and communication technologies;
- a certain reluctance to embrace innovation, barriers to market access; and
- a less dynamic business environment.

These factors have an impact on the EU's growth rate. The result is that the EU has a smaller share of high-value-added industries and a slower take-up of innovation —both key growth drivers.

The EU's capacity for intervention hinges on the fact that innovative solutions and new technologies to address market issues **do** in fact exist in the Member States. However, they are not brought to the market because of residual risks or lack of demand. Not only does this inhibit growth in the market, but it also means that EU companies lose business opportunities and EU citizens are denied the new services, products, employment opportunities and other benefits that might otherwise be available. If an EU initiative is to have an impact on the EU growth rate, it must address these underlying causes in a comprehensive way.

3. Challenges for a future programme

The Commission is therefore seeking the best ways of addressing the key challenges:

- How EU programmes can better support enterprises, in particular SMEs. The proposed initiatives aim to provide support by:
 - facilitating their access to finance;
 - improving business framework conditions;
 - providing adequate information and making it accessible;
 - facilitating the internationalisation of enterprises to help them reap greater benefits from the EU and global markets.

- How to foster competitiveness and innovation in sectors with major development potential. Initiatives focus on supporting eco-innovation, clusters, green and innovation-friendly public procurement as well as key enablers (technologies such as nanotech or biotech and skills).
- How to stimulate a wider uptake of innovative ICT-based services and the exploitation of digital content across Europe. Initiatives are aimed at:
 - ensuring that digital technology and the digital economy are fully exploited in Europe;
 - supporting the deployment of interoperable pan-European ICT-based services;
 - supporting high-growth SMEs in ICT in Europe.
- How to promote the use of renewable energies and energy efficiency.

This consultation is one instrument among a range of research tools that will be used to inform the development of CIP II. In addition to this online survey, the Commission is also organising a public conference, meetings with stakeholders and evaluations.

The Commission services will present the findings collected during this consultation period in an impact assessment report. This information will allow the Commission to propose the actions to be carried out after 2013.