



European Commission

# COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME

## IMPLEMENTATION REPORT 2007

**cip** competitiveness and innovation  
framework programme  
2007–2013

October 2008

## **1. INTRODUCTION**

The 2007 Implementation Report of the Competitiveness and Innovation Framework Programme (CIP) gives an overview of the activities in the first year of the programme's operation. The objectives of CIP are to foster the competitiveness of enterprises, in particular Small and Medium-sized Enterprises (SMEs); to promote all forms of innovation, including eco-innovation; to accelerate the development of a sustainable, competitive, innovative and inclusive Information Society; and to promote energy efficiency and new and renewable energy sources in all sectors, including transport.

These objectives are pursued through the implementation of three specific programmes:

- the Entrepreneurship and Innovation Programme (EIP);
- the Information and Communication Technology Policy Support Programme (ICT-PSP);
- the Intelligent Energy-Europe Programme (IEE).

The Implementation Reports for each programme give more detailed information of the activities in 2007<sup>1</sup>. All reports are drawn up based on Articles 8.1 and 8.5 of the Decision establishing the CIP<sup>2</sup>.

This report will briefly describe results of the main activities under the three specific programmes, summarise budgetary implementation and address other general issues.

## **2. THE THREE CIP PROGRAMMES**

The implementation in 2007 of the three specific programmes under CIP is briefly summarised below.

### **2.1. The Entrepreneurship and Innovation Programme**

The main EIP objectives as set out in Article 10 of the CIP Decision are to support, improve, encourage and promote:

- (a) access to finance for the start-up and growth of SMEs and investment in innovation activities;
- (b) the creation of an environment favourable to SME cooperation, particularly in the field of cross-border cooperation;
- (c) all forms of innovation in enterprises;

---

<sup>1</sup> The reports are available on the CIP website: [http://ec.europa.eu/cip/index\\_en.htm](http://ec.europa.eu/cip/index_en.htm)

<sup>2</sup> Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006)

- (d) eco-innovation;
- (e) entrepreneurship and innovation culture;
- (f) enterprise and innovation-related economic and administrative reform.

Four main instruments are used in order to achieve these objectives: Community financial instruments for SMEs; services in support of business and innovation; innovation and eco-innovation pilot and market replication projects; and policy analysis, development and coordination.

The objective of the Community **financial instruments** is to improve access to finance for the start-up and growth of SMEs, and to invest in innovation activities, including eco-innovation. This is done through three financial instruments for SMEs, operated by the European Investment Fund (EIF) together with international financial institutions on behalf of the Commission. Basically, these instruments work by increasing the investment capacity of risk capital funds and other investment vehicles and by providing leverage to SME debt financing instruments, thus increasing the supply of debt finance to SMEs. In 2007, agreements were signed with the EIF to run the two main financial instruments: the SME Guarantee Facility (SMEG) and the High Growth and Innovative SME Facility (GIF). A call for applications was published and the EIF received the first applications from financial intermediaries. Of these, three proposals for investments (for a total amount of €35 million) were already approved in 2007. The implementation of the Capacity Building Scheme has been delayed in order to focus on getting the main instruments launched. The draft contract for the Seed Capital Action is under preparation, and the Commission services are exploring the best way of implementing this instrument that, contrary to GIF and SMEG, is open to other International Financial Institutions (IFIs) and not just the EIF.

The **Enterprise Europe Network** offers support and advice to businesses across Europe and helps them make the most of the opportunities in the European Union. The services are specifically designed for SMEs and promote competitiveness and innovation at local level. Building on existing support networks, the new Enterprise Europe Network, made up of close to 600 partner organisations covering more than 40 countries including the whole EU, started its activities on 1 January 2008. Following a call for proposals in 2006 in which 113 consortia participated, 69 proposals were approved from EU 27 and 10 from non-member countries. 22 proposals were received after a second call in 2007. Nine proposals from EU27 and eight from non-member countries were positively assessed.

The **innovation and eco-innovation pilot and market replication projects** contained nine actions in 2007. These cover several areas such as E-skills, ICT and studies. The most important action is Europa INNOVA, which consists of three parts: pan-European innovation platform for start-ups in knowledge-intensive services, sectoral innovation watch, and Europe INNOVA communications.

In 2007, the eco-innovation objective was covered solely through one of the CIP financial instruments. Eco-innovation pilot and market replication projects will be implemented as from 2008.

In the area of **policy analyses, development and coordination**, the most important measure was the Community programme for the reduction of regulatory administrative

costs. In 2007, work was carried out to measure such costs, and administrative cost reduction programmes were launched both at Community and Member State levels.

## **2.2. The Information and Communications Technologies (ICT) Policy Support Programme**

According to Article 26 of the CIP Decision, the ICT Policy Support Programme provides for the following actions:

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

Actions in 2007 were primarily based on the following three main themes:

- efficient and interoperable eGovernment services;
- ICT for accessibility, ageing and social integration;
- ICT for sustainable and interoperable health services.

These themes were complemented by thematic networks addressing issues such as ICT initiatives for SMEs, sustainable growth, intelligent cars and privacy protection.

Projects were selected through a call for proposals for co-financing pilot and networking actions. A portfolio of 22 retained proposals (from 86 received) provided a full coverage of the themes and objectives addressed. Overall, public bodies represented 51% of participants in the selected proposals, SMEs represented almost 30%, and the rest concerns other private, commercial entities. Negotiations were initiated in order to launch actions during the first half of 2008.

Among the selected proposals, three large-scale pilot actions involve national authorities and aim at developing interoperable systems for cross border operations:

- PEPPOL will pilot interoperable solutions for EU-wide eProcurement, in order to facilitate the response from enterprises, in particular SMEs, to public procurement opportunities in other countries.
- STORK will pilot an interoperable solution for an EU-wide Identity Management system. The solution is based on a distributed architecture that will pave the way towards full integration of EU e-services while taking into account specifications and infrastructures currently existing in EU Member States.

- SOS will pilot interoperable electronic patient record systems, with an initial focus on patient emergency data sets and medication record solutions.

Complementing those three actions, seven smaller pilot actions aiming at presenting and validating innovative ICT-based services will be supported, together with eleven thematic networks. Such networks gather relevant stakeholders for sharing experience, building consensus and preparing for further deployment of ICT-based services in relevant areas. In particular, a group of five pilot actions addresses the use of ICT to improve the quality of life and healthcare of elderly people. This contributes to creating a critical mass for the uptake of such ICT-based services.

Other measures such as benchmarking, studies, conferences and events have also been financed in support of the monitoring and policy coordination for the development of the information society.

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

The main objective of the Intelligent Energy-Europe (IEE) Programme as set out in Article 37 of the CIP Decision is to contribute to secure sustainable energy for Europe, while enhancing European competitiveness. It provides for action:

- (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.

The IEE II Programme (2007-2013) builds on the experience gained from its predecessor, the first IEE Programme (2003-2006) and is enlarged under CIP. The IEE II Programme is largely being implemented by means of grants (proposals selected on the basis of either a call for proposals or concerted action) or procurement (calls for tender).

Under the objective of **energy efficiency and rational use of energy**, seven proposals (out of 59 received) were under contract negotiations relating to energy-efficient buildings. Three proposals (out of 42) were negotiated/funded relating to industrial excellence in energy. Three contracts (out of 20 proposals) were negotiated/funded relating to energy-efficient products.

Under the objective of **new and renewable energy resources**, three contracts (out of 22 proposals) were negotiated/funded under the action relating to obtaining electricity from renewable energy sources. Five contracts (out of 29 proposals) were negotiated/funded relating to renewable energy heating/cooling. Four proposals (out of 27) were negotiated/funded relating to domestic and other small-scale renewable energy applications. Two contracts (out of 19 proposals) were negotiated/funded on promoting the use of biofuels.

Under the objective relating to **transport**, one proposal (out of 5) was negotiated under the action on alternative fuels and clean vehicles. Six contracts (out of 18 proposals) were negotiated/funded relating to energy-efficient transport.

In addition, there are a number of **integrated initiatives**. These are actions where energy efficiency and renewable energy sources are integrated and synchronised in several sectors of the economy and/or where various instruments, tools and players are combined in the same action. 14 contracts (out of 61 proposals) were negotiated/funded to create local and regional energy agencies. Three proposals (out of 21) were negotiated/funded to support European networking for local action. Four proposals (out of 32) were negotiated/funded under the action on sustainable energy communities. Four proposals (out of 24) were negotiated/funded under the Bio-business initiative. Two contracts (out of 16 proposals) were funded under the energy services initiative, and eight contracts (out of 30 proposals) were negotiated/funded under the intelligent energy education initiative. There were no applications under the product standards initiative, whereas one contract (out of 6 proposals) was negotiated under the combined heat and power initiative.

### 3. BUDGET ISSUES

The CIP Decision stipulates that the total budget for the CIP shall be €3.6 billion for the period 2007-2013. The Decision also provides the indicative budgetary breakdown for the three programmes. 60% of the overall budget shall be allocated to the EIP, of which approximately one-fifth shall be allocated to promoting eco-innovation. 20% shall be allocated to each of the two other programmes. The table below gives an overview of the budget allocated (including contributions from non-EU participating countries) and the amount committed during 2007.

<b>Budget lines</b>	<b>Concept</b>	<b>Amount (million €)</b>	<b>Budget committed (%)</b>
01 04 04	EIP – Financial Instruments  (out of which eco-innovation)	145.3  (23.0)	100
02 02 01 and 02 01 04 04	EIP – Competitiveness of SMEs, innovation  (out of which eco-innovation)	123.7  (0)	98.3
09 03 01	ICT-PSP	65.5	96.8
06 04 06	IEE	58.9	100
	<b>Total</b>	<b>393.5</b>	<b>98.8</b>

### 4. OTHER ISSUES

The Executive Agency for Competitiveness and Innovation (EACI)<sup>3</sup> was set up by the Commission in May 2007 by enlarging and renaming the existing Intelligent Energy Executive Agency, which had managed the first IEE Programme since 2005. The EACI

<sup>3</sup> <http://ec.europa.eu/eaci>

implements parts of the CIP, namely certain EIP actions and most of the IEE Programme. The EACI also implements the Marco Polo Programme in the field of transport.

Further to Article 48 of the CIP Decision, a Strategic Advisory Board on Competitiveness and Innovation was established in October 2007 in order to advise the Commission on the implementation of CIP<sup>4</sup>. The Board consists of 20 stakeholder representatives, chosen on the basis of their individual expertise by the Commission services responsible for managing the three specific programmes. The first meeting was held on 4 March 2008. The Board especially focuses on issues affecting all the three specific programmes and how to further improve the synergy effects.

Certain non-EU countries may participate in the CIP. The Commission initiated negotiations with a number of countries that asked to participate in the whole programme or parts of the programme and agreements were concluded with some of them during 2007.<sup>5</sup>

## **5. CONCLUSIONS**

2007 was the first year of operation of the CIP. Some elements of the programme built on previous programmes and activities and could benefit from that experience. Other activities were entirely new and needed to be properly established. For some major activities such as the Financial Instruments, the Enterprise Europe Network, and eco-innovation, 2007 was mainly a year of preparatory work for their implementation.

With stable objectives for 2007-2013 the implementation of key activities under the CIP will continue. The first year already showed a focus on SMEs and innovation throughout the framework programme and its three specific programmes. The budgetary execution of the first year was successfully accomplished. As the implementation of most of the CIP activities is still at an early stage their impact will only be measurable after some time. An interim evaluation will be launched during 2008.

---

<sup>4</sup> See <http://ec.europa.eu/cip/docs/decisionsettingstrabo.pdf>

<sup>5</sup> For details see <http://ec.europa.eu/cip/questions.htm#9>