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More information on CIP - a new programme to boost European competitiveness and innovation

What is the Commission doing to deliver on the re-launched Lisbon agenda? How can EU Euros be most effectively invested in creating growth and jobs? By tabling the first “Competitiveness and Innovation framework Programme (CIP)” the Commission has adopted a coherent and integrated response to these objectives from 2007-2013. The programme has a proposed budget of € 4.213 billion. (See also [IP/05/391](#))

Why a new framework programme for competitiveness and innovation?

We need to boost entrepreneurship in Europe

The EU entrepreneurial spirit remains weak: only 45% of Europeans say that they will prefer self-employment to being employed.¹ Europe lags behind the US in 10 out of 11 innovation indicators and within the EU significant national differences are also observed.²

Through its “Entrepreneurship and Innovation” programme, CIP will address these challenges by:

- Improving the regulatory environment for enterprise and innovation
- improving access to finance for SMEs in their start-up and growth phases and
- by helping SMEs navigate the single market, and channel feedback on businesses concerns to improve EU policy making.

¹ Eurobarometer survey 2004

² Innovation Scoreboard 2004

Europe is lagging behind the other advanced countries in investing in ICT

ICT is a big sector (representing 8% of EU GDP). But ICTs are also the key drivers of growth and jobs (ICT accounted for 50% of European productivity growth from 1995-2000). CIP will stimulate innovation through a wider adoption of and investment in ICT by:

- stimulating the new converging markets for electronic networks, media and digital technologies
- testing solutions to the bottlenecks that delay wide European deployment of electronic services
- supporting modernisation of public sector services to boost productivity, improve efficiency and raise the quality of services

The EU is a leader in eco-technologies

But Europe is not fully exploiting its potential in bringing to the market environmentally friendly technologies. Through the Entrepreneurship and Innovation programme and the Intelligent Energy Europe programme, CIP will address these market failures by:

- promoting energy efficiency and a more rational use of energy
- fostering the use of new and renewable energy sources and help energy diversification
- supporting technological solutions to reduce greenhouse gas emissions caused by the transport sector
- promoting eco-innovation and facilitating access to finance for SMEs investing in environmental technologies

Moreover, the programme support is also expected to impact on reducing Europe's growing dependence on energy imports, which could reach 70% in 2030.

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To build a knowledge-based economy we need innovation

To build a knowledge-based economy we need innovation. Innovation is about bringing ideas to market and turning them into Euros. It is about firms innovating in their technology, design, management, marketing, logistical and organisation. CIP actions will support all of these. They will help firms bring knowledge to bear on their economic activity.

Three specific programmes under CIP

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

1. The “Entrepreneurship and Innovation” Programme

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

2. The “ICT Policy Support” Programme

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

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

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

- Underpin regulatory and research actions of the Commission to stimulate emerging digital economy based on the convergence between network services, media content and new electronic devices.
- Provide a bridge between research investment and wide adoption, by providing a testing ground for pan-European electronic services in both the public and private sectors.
- Reinforce European cultural and linguistic identities by support for the production and distribution of European digital content.
- Assist the development of an open and inclusive European Information Society through stimulating innovative approaches to inclusion, quality of life and public services.

3. The “Intelligent Energy Europe” Programme

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

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

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

New elements in CIP:

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

These existing and new activities will be combined into the three pillars of the CIP. The pillars will have the following budgetary allocations:

Entrepreneurship and Innovation Programme: **€ 2 631 million** (from which € 520 million dedicated to eco-innovation)

ICT Policy Support programme: **€ 802 million**

Intelligent Energy-Europe Programme: **€ 780 million.**

Each of these programmes will continue pursue its own objectives, to benefit its specific beneficiaries and answer to its own stakeholders. Each specific programme will establish its annual work programme, which will in turn be submitted to a specific management committee composed of Member States authorities.

The implementation of the programme - Making the components work together

CIP will also bring about synergies. For example, whilst the Intelligent Energy programme will develop **demand** for energy efficient technology amongst a variety of private and public stakeholders, the EU financial instruments for SMEs will enhance the **supply** of environmental technologies by making sure that innovative companies can access financing for the use and development of such technologies. This is important as financial markets tend to regard both SMEs and innovative technologies as risky.

The synergies and complementarities with the other flagship EU programmes, particularly in relation to the 7th Research Framework programme, the cohesion instruments and the lifelong learning programme, will be maximised. As one of the major Commission proposals aimed at delivering on the reviewed Lisbon agenda, the CIP will complement rather than duplicate the other relevant EU actions, and those conducted by Member States.

CIP as part of the Wider Commission Response

The CIP is one of a series of flagship programmes that will define the Barroso Commission's actions from 2007. They will work in parallel and complement each other. CIP will complement major initiatives such as the cohesion activities, the research activities of the framework programme for research, and the EU programme for lifelong learning. For example: CIP will help SMEs access the 7th FP RTD and will leverage venture capital for innovative enterprises to help them bring their research results to market; CIP will identify and analyse examples of excellence which can be adapted and replicated in order to make regional interventions more effective in meeting our cohesion goals. Moreover CIP will help meet environmental goals by promoting sustainable approaches.

CIP programme

http://europa.eu.int/comm/enterprise/enterprise_policy/cip/index_en.htm

Entrepreneurship Action Plan

http://europa.eu.int/comm/enterprise/entrepreneurship/action_plan.htm

MAP:

http://europa.eu.int/comm/enterprise/enterprise_policy/mult_entr_programme/programme_2001_2005.htm

Life-Environment

<http://europa.eu.int/comm/environment/life/life/environment.htm>

e-Ten

http://europa.eu.int/information_society/activities/eten/index_en.htm

Modinis

http://europa.eu.int/information_society/eeurope/2005/all_about/modinis/index_en.htm

e-Content

<http://www.cordis.lu/econtent/>

i2010

http://europa.eu.int/information_society/eeurope/i2010/index_en.htm

Intelligent Energy – Europe

http://europa.eu.int/comm/energy/intelligent/index_en.html

European Innovation Portal:

<http://www.cordis.lu/innovation>