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SENSITIVE*
UNTIL ADOPTION

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, and repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/696, (EU) 2021/697, (EU) 2021/783, (EU) 2023/588, (EU) 2023/1525, (EU) 2023/2418, (EU) [EDIP]

(Text with EEA relevance)

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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The European Competitiveness Fund (ECF) is part of the post-2027 Multiannual Financial Framework (MFF) package, which aims to consolidate [14] individual funding instruments from the current MFF in one framework to operate as an investment capacity to bolster European competitiveness in technologies and strategic sectors critical to the EU competitiveness from collaborative research to scaling up, innovation, industrial and infrastructure deployment and manufacturing, including skills, and in support of projects and companies including SMEs, start-ups, larger companies, universities, research entities, while acting as a leverage tool employing budgetary instruments to attract private, institutional and national investments.

Over the past thirty years, the productivity gaps between the EU and other advanced economies have widened, rendering the EU less competitive compared to other major economies. The EU is currently lagging in various areas, including technological development, research and innovation performance, market dynamism, and industrial capacity. In recent years, marked by rapid technological advancements, escalating economic competition, and trade protectionism, enhancing the competitiveness of the European Union has become a critical priority. This has been underscored by several recent reports, including Draghi's Report on the Future of European Competitiveness and the Letta's Report "Much More Than a Market," whose recommendations have informed the Competitiveness Compass.

Adopted by the European Commission in January 2025, the Competitiveness Compass diagnoses significant issues that hinder competitiveness within the EU. A central issue identified is the dispersion of EU spending across multiple overlapping programmes, many of which fund similar initiatives but with differing requirements, complicating the effective combination of funding.

The Compass identifies several key factors necessary to enhance the EU's competitiveness: (1) closing the innovation gap, (2) decarbonisation, and (3) reducing excessive dependencies and improving security. Additionally, it highlights five horizontal enablers: (1) simplification, (2) removing barriers in the Single Market, (3) financing, (4) skills and quality jobs, and (5) better coordination. Simplification, financing, and better coordination are the primary focus of the European Competitiveness Fund, aimed at addressing challenges such as: (1) suboptimal support throughout the investment journey—from fundamental research and applied research to scale-up, industrial deployment, and manufacturing; (2) high investment needs to meet EU priorities, including decarbonisation and the digital transition; and (3) a complex and uncoordinated EU funding landscape. Addressing these challenges is expected to positively, albeit indirectly, impact other problems identified in the Competitiveness Compass, such as the innovation gap, while also reducing Europe's dependence on external sources for critical technologies and resources, thereby enhancing security and resilience.

The ECF is not the sole initiative to strengthen the EU's competitiveness. It complements other measures announced in the Competitiveness Compass. The present proposal aligns with the Communication on the Road to the Next MFF, which outlined objectives for the next EU Budget to be simpler, more focused, more impactful, and capable of addressing current complexities, weaknesses, and rigidities. The Communication also emphasizes that flexibility is key to ensuring the budget's ability to respond to a changing reality, with a focus on

challenges such as enhancing EU competitiveness, which requires joint action within a united Europe.

The ECF would be structured along four policy windows reflecting strategic priorities crucial to EU competitiveness and resilience (from AI and digital to space, from clean tech to biotech, from defence to health). Its open architecture would help the Fund respond quickly to new challenges and priorities by providing overall direction and strategy. It would be informed by a steering mechanism across the entire MFF, of which the Competitiveness Coordination Tool will form part, to align funding and priorities, and build on input from a consultative board composed of key stakeholders. This new architecture would allow for the setting of policy priorities at the level of each window, to effectively target support from applied research to manufacturing and deployment, including infrastructure and specific skills, relying on funding tools adapted to the project's needs and derisking investment by offering an appropriate leverage/impact ratio of the EU budget. In addition, the self-standing Research and Innovation Framework Programme, will be tightly connected to the components of the ECF to ensure a seamless investment journey from idea to market.

The ECF would flexibly mobilise the entire financial toolbox provided by the EU budget (including loans, grants, equity, quasi-equity, blending, procurement and guarantees). The budgetary guarantee and financial instruments would become available to all the policy windows, making them usable across areas of funding under a single Fund. Synergies with other programmes will also be ensured, thanks to a more integrated approach at strategic level and at operational level. Further to the ECF financial toolbox, the Fund will provide project advisory support throughout the investment cycle to foster the origination and development of projects and provide cross-cutting business support for SMEs and startups facilitating their business growth, access to financing and investments. The integrated structure would also enable synergies with other structural parts of the MFF, such as pre-allocated envelopes managed with Member States.

The ECF contributes to the competitiveness of the EU and span a broad range of policy areas from R&I, digitalization, space, defence, health, Single Market support, Circular Economy to energy transition. The Fund includes activities currently carried out under [14] EU programmes: Horizon Europe (HE) as a self-standing programme but tightly connected to the ECF, Innovation Fund (IF) within the governance of the ECF, Digital Europe Programme (DEP), Connecting Europe Facility (CEF) - Digital, European Defence Fund (EDF), the Act in Support of Ammunition Production (ASAP), the European Defence Industry Reinforcement through Common Procurement Act (EDIRPA), the European Defence Industry Programme (EDIP), EU4Health, the European Space Programme, IRIS2, InvestEU, Single Market Programme (SME Strand) and LIFE (see Annex 7 of the Impact Assessment report for more details of each of these programmes). The size of these programmes today is very diverse, with Horizon Europe the largest, EUR 93 billion over 7 years under this MFF (2021-2027, and the Innovation Fund the second largest, accounting for an estimated 40bn € in the period 2020-2030 (funded by ETS revenues).

- **Consistency with existing policy provisions in the policy area**

The ECF aligns with the objectives outlined in the Communication on the Road to the next **Multiannual Financial Framework** (MFF), aiming for a more focused, simpler, and impactful budget. A steering mechanism will ensure coherence across policy areas, enhance

coordination between Member States and the EU, and strengthen the link between EU policy priorities and the budget.

To bolster competitiveness, the ECF will build on the experience with the **InvestEU Programme**, which pooled a number of financial instruments under a single, streamlined framework and managed to successfully mobilize public and private financing, using a relatively modest EU guarantee, providing additionality and aligning with EU policy goals.

The ECF will be tightly linked to the **10th Framework Programme for Research and Innovation** through the development of integrated work programmes and a single rulebook in the ECF Regulation. This will be key to ensure a seamless investment journey from research to start-up, scale up and global manufacturing; from idea to market.

A strong connection between the ECF and the modernised **Connecting Europe Facility** (CEF) is crucial. Cross-border infrastructure projects in energy, transport, and military mobility are vital for improving EU competitiveness, security, and reducing strategic dependencies. There are clear synergies between trans-European networks in energy and transport supported by CEF and similar projects within the ECF's scope.

Synergies between the ECF and the **Innovation Fund** should be ensured regarding support to industrial decarbonisation and innovation in the field of clean technologies. To this end, the ECF shall ensure coherence with the types of actions planned to be implemented under the Innovation Fund, notably when developing work programmes. As announced in the Clean Industrial Deal, the Industrial Decarbonisation Bank will be placed within the governance of the ECF.

Competitiveness will also receive support from Member States' plan and external policies. In addition, foreseen and ad-hoc synergies between the ECF and other Union activities that support policy areas closely linked with competitiveness will be sought. In particular, the ECF will allow for the combination and cumulation of funding for actions supporting the objectives of more than one Union programme. The ECF will be also open to any financial or non-financial contribution supporting the competitiveness objectives, including from Member States, third countries and international organisations. Moreover, support from [regional and national partnerships] to projects that have been awarded the [Seal of Competitiveness] will be facilitated. The implementation of all these synergy activities will be simple and reporting and record-keeping requirements for recipients reduced to the minimum necessary.

- **Consistency with other Union policies**

The ECF is consistent with the Competitiveness Compass which provided a roadmap for boosting competitiveness, building on the recommendations of these reports. Moreover, the ECF will greatly support the Clean Industrial Deal, which outlined the need to accelerate decarbonisation, reindustrialisation and innovation, bringing together climate action and competitiveness under one overarching growth strategy.

A number of other initiatives are also relevant for the activities deployed under the ECF, including: Critical Raw Materials Act, Net Zero Industry Act, Chips Act, Affordable Energy Action Plan, Circular Economy Act, Water Resilience Strategy, AI Act, Biotech Act, White Paper on Defence, Start up and Scale Up strategy, EU Internal Security Strategy (ProtectEU), Bioeconomy Strategy, Vision for Agriculture and Food and Ocean Pact. The ECF is also consistent with external dimension of competitiveness.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

This Regulation lays down a financial envelope for the ECF, including the European Union funding for Clean Transition and Industrial Decarbonisation, for Digital Leadership, for Health, Biotech and Bioeconomy, for Resilience, Defence industry and Space.

Since the ECF constitutes a framework for separate programme basic acts and the concerned policy areas, the proposal relies on a number of separate legal basis, each to be applied to the relevant part(s) of the ECF:

- Article 168(5) TFEU in relation to relevant activities supporting the competitiveness of the health, biotechnology and bioeconomy sectors;
- Article 170 TFEU in relation to the development of trans-European networks in the areas of digital communications;
- Article 171 TFEU in relation to guidelines to support the identification and deployment of trans-European networks projects of common interest;
- Article 172 TFEU in relation to relevant activities supporting competitiveness through digital transformation in areas of public interest;
- Article 173(3) TFEU in relation to activities supporting the competitiveness of the European Union's industrial base, including support to Small- and Medium-sized Enterprises, specifically to adapt to the new economic challenges in the areas of research, clean and digital transition, health, biotechnology, bioeconomy, space and defence;
- Article 175 TFEU in relation to the need to continue and improve measures outside the Funds referred to in Article 175 TFEU for activities to improve competitiveness throughout the internal market, including through widening measures, considering economic, social and territorial cohesion;
- Articles 182(4), 183 and the second subparagraph of 188 TFEU in relation to relevant activities supporting research and innovation in the area of defence;
- Article 189(1) and (2) TFEU in relation to relevant activities supporting the Unions' space policy;
- Article 192(1) TFEU in relation to relevant activities preserving, protecting and improving the quality of the environment and activities supporting the transition to clean energy to contribute to climate change mitigation.

• Subsidiarity (for non-exclusive competence)

The response to bolster EU competitiveness must be coordinated at the Union level to be truly effective. Pooling resources at this level enhances the impact and value of investments by achieving economies of scale in fostering and de-risking investment in policy areas critical for European competitiveness. This approach is more cost-effective than if Member States acted independently.

Persistent underinvestment by the private sector across critical areas—such as infrastructure, green and digital transitions, and industrial capacity—is compounded by fragmented capital markets, which impede efficient cross-border investment. Despite high private savings, these are not adequately converted into long-term investments necessary for strategic autonomy.

Public R&D spending within the EU remains fragmented and misaligned with EU-wide priorities, with most funding coming from individual Member State budgets. Only EU-level action can support the scale and type of projects that Member States cannot achieve alone, creating critical mass for impactful projects and partnerships.

Furthermore, EU-level coordination promotes collaboration, essential for fostering knowledge spillovers and derisking investment, thereby enhancing competitiveness. An EU-wide approach offers economies of scale and cooperation among stakeholders, crucial for boosting knowledge valorisation and improving capacities.

Last but not least, a directly managed Union programme is best placed to ensure the application of a single set of rules for cross-border cooperation in the most strategic policy areas covered by the ECF, thereby ensuring policy alignment and creating economies of scale across sectors and Member States.

- **Proportionality**

The proposed actions do not go beyond what is required to achieve Union objectives and EU added-value.

- **Choice of the instrument**

The basic act takes the form of a regulation adopted under ordinary legislative procedure in accordance with the TFEU to ensure obligations are directly binding on recipients of ECF and directly applicable in all Union Member States.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

This proposal is based on the extensive analysis of impact assessments, mid-term evaluations for 2021-2027 programmes falling within the scope of this initiative and on available ex-post evaluations for 2014-2020 programmes. A full list of the evaluations analysed is provided in Annex 1 of the Impact Assessment accompanying this proposal.

- **Stakeholder consultations**

The European Commission conducted a public consultation to gather insights on EU funding for competitiveness in preparation for the next Multiannual Financial Framework (MFF) starting in 2028. This consultation, which took place over 12 weeks and included an online questionnaire and position papers, targeted a wide range of stakeholders such as citizens, businesses, SMEs, public authorities, and academia.

A summary of findings from 2,034 responses and 462 position papers revealed widespread underinvestment in research and innovation (91%) and a notable innovation gap with global competitors (81%) as key challenges to EU competitiveness. The consultation highlighted the need for EU-level coordination to pool resources effectively, thereby achieving economies of scale and improving the impact of investments in areas like infrastructure, innovation, and strategic sectors.

Respondents supported measures focusing on increasing funding for strategic priorities, ensuring continuity in funding from research to manufacturing (83%), and limiting EU dependencies in strategic sectors (82%). These measures were seen as necessary to address fragmented support across the investment journey, which hinders competitiveness by preventing efficient transformation of savings into long-term investments.

Challenges also included fragmented capital markets and insufficient private investment, especially affecting SMEs and scale-up companies. Among respondents, businesses and academic institutions stressed the importance of greater investments in R&D, infrastructure modernisation, and decarbonisation to maintain competitiveness. Despite positive feedback on various stages of the funding process, concerns were raised over long evaluation timelines, lack of transparency, and complex application procedures, particularly affecting SMEs and new applicants. Simplification and coherence across programmes were suggested as ways to improve the funding process.

The public consultation was complemented with other consultation activities for relevant stakeholders both on the industry and the research and innovation areas.

For industry stakeholders, the 9th plenary meeting of the Industrial Forum held on 19th March 2025, focused on the new European Competitiveness Fund. The participants, represented by over 60 members from different industries and business associations as well as Member States were invited to provide their feedback on the problems related to the competitiveness and to share ideas on how to address these challenges. The input received largely confirmed with the stakeholders' feedback received during the public consultation, emphasising the need to align research and industrial policy and funding tools.

A more detailed summary of the consultation carried out in the framework of this proposal can be found in Annex 2 of the Impact Assessment accompanying this proposal.

- **Collection and use of expertise**

This proposal is based on an extensive desk review covering approximately 140 documents, including the above mentioned impact assessments, mid-term evaluations and ex-post evaluations. A series of relevant policy and scientific reports and papers have also been consulted.

The desk review was further completed by economic modelling carried out by **Joint Research Centre (JRC)** for quantifying selected impacts and cost benefit analysis carried out by an external consultant. A comprehensive list of sources used for the purposes of this proposal can be found in Annex 1 of the Impact Assessment accompanying this proposal. A detailed methodology used for the purposes of the cost benefit analysis and modelling can be found in Annex 4 of the Impact Assessment.

- **Impact assessment**

The summary sheet and the opinion of the Regulatory Scrutiny Board can be found at the following links:[add links]

Three different policy options have been considered in the impact assessment,

The first option is “Business-as-usual-plus”, in which the 14 programmes¹ would retain their own rules, but the Commission would try to ensure more horizontal consistency across the funds, building on the STEP approach.

The second option is an “Enhanced coordination between programmes and a common rulebook”, which would go further by harmonising rules across programmes, in particular by aligning objectives, strands, and pillars, as well as the implementing tools and horizontal legal provisions.

The third option is a “Consolidation of programmes in a new European Competitiveness Fund”, which would bring relevant EU programmes into one fund with a strategic steer that would prioritise policy rather than programmes.

The preferred option is the third option, as it offers a comprehensive set of policy measures to overcome the current deficiencies in the EU funding landscape related to competitiveness outlined above.

Option C is expected to reduce administrative costs for beneficiaries by integrating access points and introducing a single rulebook, simplifying the funding process and creating a more efficient, business-friendly environment, particularly benefiting high-growth industries, SMEs, innovative start-ups, and projects requiring long-term investment support.

A simplified and upgraded application process would increase clarity for project promoters and overall facilitate access to funding.

Option C also consolidates funding processes and broadens access to financial tools, allowing the EU to better harness its potential to mobilise private capital and increase budgetary flexibility. The option also strengthens connections between fundamental research and advanced stages of research, innovation and manufacturing, ensuring a dynamic economic structure within the EU and better bringing ideas to the market.

The preferred option would entail some adjustment costs for applicants and beneficiaries already benefitting from EU funds. However, while initial adaptation to the new fund would be needed, beneficiaries would only need to undertake this learning process once, rather than repeatedly for multiple programmes.

Market-wise, a unified funding framework aims to enhance the competitiveness of European companies by making funding more accessible and strategically aligned. It also supports European strategic autonomy and reduces critical dependencies.

- **Regulatory fitness and simplification**

One of the key pillars of this proposal is the simplification, which will be achieved through integrating access points and introducing a single rulebook, simplifying the funding process and creating a more efficient, business-friendly environment, particularly benefiting high-growth industries, SMEs, innovative start-ups, and projects requiring long-term investment support.

A simplified and upgraded application process will increase clarity for project promoters and overall facilitate access to funding.

- **Fundamental rights**

This proposal doesn't have any consequences on the protection of fundamental rights.

4. BUDGETARY IMPLICATIONS

The financial envelope for the implementation of the ECF for the period from 1 January 2028 to 31 December 2034 shall be EUR [...] in [current] prices. The indicative distribution of the amount shall be as follows [Align with the Budget Article] :

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

This initiative will be monitored through the performance framework for the post-2027 budget, which provides for an implementation report during the implementation phase of the

programme, as well as a retrospective evaluation to be carried out in accordance with Article 34(3) of Regulation (EU, Euratom) 2024/2509. A simplified application of the performance framework will be used for the budgetary guarantee and financial instruments. The deployment of market-driven instruments requires simplification efforts to attract private investors to support EU policy areas.

The evaluation shall be conducted in accordance with the Commission's Better Regulation Guidelines and will be based on indicators relevant to the objectives of the programme.

- **Detailed explanation of the specific provisions of the proposal**

- Chapter I establishes the European Competitiveness Fund (ECF) as part of the multiannual Framework Programme for 2028-2034, focusing on enhancing EU competitiveness in strategic sectors. It sets out the Fund's objectives, budget, and funding rules, aiming to support projects across clean transition, health, digital, and defence and resilience sectors. The main goals include increasing technological and economic impact, reducing strategic dependencies, attracting private investment, and supporting infrastructure and SMEs. The chapter emphasizes aligning research and industrial policies to bolster EU industries globally, developing critical infrastructure, and addressing skill shortages. Specific objectives focus on fostering innovation and competitiveness in critical sectors such as clean technology, health, digital transition, and defence. The chapter emphasizes reinvesting returns to boost EU competitiveness and includes guidelines for working with Member States and third countries to expand investment opportunities. It sets out the single rulebook. Additionally, it ensures strategic coordination of resources and lays down the governance arrangements
- Chapter II introduces the "ECF Toolbox " composed of grants, procurement, and coordination of industrial policy tools, and the ECF InvestEU Instrument, which uses financial tools like loans, equity and guarantees expected to mobilise X EUR billion of private and public investment aligned with EU priorities. It lays down common rules for collaborative research and innovation activities, while ensuring coordination of industrial policy tools, including value chains, production ramp up and critical competitiveness actions. The ECF InvestEU Instrument outlines how financing will be managed and deployed by implementing partners to market, focusing on key areas such as development and deployment of innovative technologies.
- Chapter III aims to enhance Project advisory services, support SME collaboration, and streamline access to funding. It establishes a centralised Project advisory for investment support across all policy windows, business support services and an EU business network to bolster SMEs and startups to promote their growth, access to Union funding and investments through. The chapter also sets guidelines for monitoring progress and timely action implementation.
- Chapters IV – VII provide for more detailed provisions to inform the work programmes referred to in Chapter II Section 1 for the implementation of each of the ECF policy windows.
- Chapter VIII, titled "Final Provisions," details the procedural and administrative framework for implementing the European Competitiveness Fund (ECF). It describes how the European Commission will be supported by various committees, each focusing on different sectors like clean transition, health, and security, ensuring effective management and decision-making. The chapter grants the Commission the power to adopt delegated acts, which can be revoked by the European Parliament or

the Council if necessary. It also outlines the repeal of several existing EU regulations to streamline into the new structure and includes transitional arrangements to ensure a smooth shift to the ECF framework. The regulation is set to come into effect on January 1, 2028, binding all Member States.

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on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, and repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/696, (EU) 2021/697, (EU) 2021/783, (EU) 2023/588, (EU) 2023/1525, (EU) 2023/2418, (EU) [EDIP]

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 168(5), Article 170, Article 171, Article 172, first subparagraph, Article 173(3), first subparagraph, Article 175, first subparagraph, Article 182(4), Article 183 in conjunction with Article 188, second paragraph, Article 189(2) and Article 192(1),

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,¹

Having regard to the opinion of the Committee of the Regions,²

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) This Regulation lays down an indicative financial envelope for the European Competitiveness Fund ('ECF'), including the specific programme for defence European Union funding for Clean Transition and Industrial Decarbonisation, for Digital Transition, for Health, Biotech and Bioeconomy, for Resilience, Defence industry and Space, which is to constitute the prime reference amount, within the meaning of *[reference to new inter-institutional agreement on cooperation in budgetary matters]*, for the European Parliament and the Council during the annual budgetary procedure.
- (2) The Union is facing a defining period for its future, from a political, economic, social, environmental, climate and security perspective. The Draghi report on the future of European Competitiveness presented a new vision to reignite sustainable growth in Europe. The Letta report outlined that Europe must leverage its Single Market to achieve a leadership position in the global competition. The Competitiveness Compass³, adopted by the Commission in January 2025, provided a roadmap for boosting competitiveness, building on the recommendations of these reports. The Clean Industrial Deal, adopted by the Commission in February 2025, outlined the need to accelerate decarbonisation, reindustrialisation and innovation, bringing together climate action and competitiveness under one overarching growth strategy. Moreover,

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ [Competitiveness compass - European Commission](#)

the priorities of the Economic Security Strategy further underline the crucial need to secure the Union's technological edge. As outlined in the Commission Communication on the Road to the next MFF, the next EU long-term budget can make a decisive contribution to these goals but needs to be more focused, simpler, more flexible, and better deliver on the Union priorities, including bolstering the Union competitiveness.

- (3) To regain and reinforce its competitive edge, it is essential that the EU revives the innovation cycle by developing its disruptive innovation capacity, and investing in emerging, cutting-edge and strategic technologies with significant economic potential. To ensure its autonomy in the global economy, the Union should guarantee its technological and industrial presence in strategic sectors, starting with critical raw materials supply chains, to develop and manufacture strategic technologies in Europe, as well as mitigate risks affecting its security and resilience emanating from critical external dependencies. This can be done by addressing market failures and suboptimal investment situations, considering the high investment needs for delivering on Union priorities, including for decarbonisation and the digital transition. Greater emphasis should be put on leveraging private sector participation by improving the use of risk-sharing mechanisms between Union funds and private investors, to promote public returns on investments.
- (4) This requires that Union funding offers support to businesses and projects along the entire investment journey. This journey encompasses all stages of developing and manufacturing strategic technologies, products and services in Europe, from research, through all forms of innovation, scale-up, industrial deployment, to manufacturing and market deployment, including the necessary investment and operational costs support, infrastructure and skills. The investment journey is not linear as all stages feed each other, and ideas for new products or services might arise at any stage. European funding needs to cater for this non-linear reality with increased flexibility of providing support.
- (5) This also requires that EU funding facilitates the creation and expansion of innovative and industrial ecosystems, where different actors interact in a synergetic way. Successful ecosystems feature intensive interactions and collaboration between small and large companies, universities, research institutions, infrastructure providers as well as public authorities. Without such collaborations within and between individual innovation and industrial ecosystems, innovation potential stays unexploited.
- (6) Therefore, the purpose of the ECF is to establish an investment capacity to support European competitiveness in strategic technologies, services, sectors, including disruptive innovation, decarbonisation and resilience, defence industry and space, through a more seamless investment journey aligning investment with priorities from applied research to deployment and manufacturing, including skills necessary for industrial development and infrastructure. It will promote the creation and expansion of innovation and industrial ecosystems and their collaboration.
- (7) For this, the Framework Programme for Research and Innovation will be tightly linked to the ECF: to ensure that the European industry leverages research results funded by the Union to further innovate and produce in Europe. In order to foster synergies, the work programmes adopted under this Regulation should integrate in a specific dedicated part and ensure coherence with [reference to relevant research and

innovation stream under HE FP] activities supported under the [reference to Horizon framework programme]⁴ in accordance with the rules of this Regulation, including the committee procedure. The ECF should leverage the funding tools of the types of actions that could be funded under the Innovation Fund. Together, the ECF, the FP and the Innovation Fund will form the EU Competitiveness funding.

- (8) In order to foster synergies between actions under the ECF and the Innovation Fund, the work programme of the ECF should ensure coherence with the priorities and types of actions that could be funded under the Innovation Fund.
- (9) The ECF will use the whole toolbox of Union budget to unlock additional investments, in particular private ones including from institutional investors and national investment in support of strategic technologies and sectors. Particularly, the ECF should promote public and private investments throughout the whole investment journey. It should better leverage the de-risking potential of the Union budget to maximise the added value of Union action and crowd-in private capital to secure a competitive innovation and industrial base, also by using innovative funding instruments. It will do so through the ECF InvestEU Instrument, that will set up a single budgetary guarantee and deliver financial instruments for funding EU Competitiveness.
- (10) The Draghi report calls for more investment support to close the investment gap and recognises InvestEU as the key risk-sharing instrument to use. The ECF InvestEU Instrument will de-risk and leverage private funding for all funds within the MFF.
- (11) In a fast changing economic, social and geopolitical environment, the recent experience has shown the need for a more flexible multiannual financial framework and its programmes. To that effect, and in line with the objectives of the ECF, the funding will take due account, in the budgetary procedure, of the evolving policy needs and Union's priorities as identified in relevant documents published by the Commission [while ensuring sufficient predictability for the implementation].
- (12) The ECF should facilitate access to funding from Union programmes through user-centric, fast, simpler and harmonised procedures and improve coherence among Union instruments and with Member States investments. The ECF should put beneficiaries of EU funding, and notably SMEs, start-ups and scale-ups, at the centre of the design of Union funding instruments.
- (13) The ECF will operate mainly through four policy windows that mirror Union's key policy priorities: Clean Transition and Industrial Decarbonisation; Digital Leadership ; Health, Biotech and Bioeconomy and Resilience, Defence industry and Space.
- (14) Infrastructure is an essential enabler for European competitiveness. Investments in infrastructure are a necessary condition for the proper functioning of the EU's single market, the green and digital transition and for increasing the Union's resilience and security. For example, the trans-European transport network fosters efficient transportation of people and goods, ensures access to jobs and services, and enables trade and economic growth, including with third countries. The trans-European networks for energy are key to achieving the EU's energy and climate objectives by connecting EU countries' energy networks, contributing to the security of energy supply. Safe, secure, and sustainable high-performance computing, cloud and data infrastructure will be essential in supporting Europe's digital transformation. Investing

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[To be inserted at adoption]

in the modernisation and expansion of transport, energy and digital infrastructure will significantly enhance Europe's competitiveness by lowering costs for businesses, improving productivity, facilitating connectivity and fostering economic growth. Synergies between the development of trans-European networks in energy and transport with strong cross border impact supported by CEF and energy and transport projects in the scope of the ECF should be ensured, as these are essential for competitiveness.

- (15) The competitive strength of the Union lies in its people. Human capital is key to the prosperity of the Union, its economic resilience and unique social market economy. It is essential to boost productivity growth, making Union industries more competitive and innovative, attracting additional investments, and supporting a dynamic single market and enhanced economic security. Skills shortages in strategic sectors can be addressed through life-long learning, education, training projects and apprenticeships and the creation of attractive quality jobs accessible to all. The ECF should contribute to the Union of Skills⁵ by supporting the development of a skilled workforce equipped with the specific skills in the strategic investment areas of the Fund. All ECF strategic investments should consider the possibility to include an accompanying skills investment to alleviate skills shortages in the given strategic sector of the ECF and indicate when it is included.
- (16) The ECF should contribute to the objectives of decarbonising the European industry and promoting the development and deployment of clean technologies. The ECF should support the implementation of the Clean Industrial Deal, turning decarbonisation into a driver of growth and competitiveness for European industries. The ECF will contribute to the shift towards a sustainable, circular, energy-efficient, climate-neutral and resilient economy. It will also support sustainable and resilient industrial production in energy-intensive industries in the EU, in line with the objectives of the Industrial Decarbonisation Accelerator Act. It should also support the objectives of the Net-Zero Industry, boosting the manufacturing capacity of net-zero technologies and the ramp up of production capacities and investing in related infrastructure. The ECF Clean Transition and Decarbonisation window will finance projects that contribute to this objective.
- (17) EU manufacturing productivity also depends on resource efficiency, with materials input representing a significant portion of production costs. Circular approaches to manufacturing boost resource productivity, whilst value retention activities such as remanufacturing, refurbishment and repair provide significant job opportunities. The ECF should contribute to the circular economy and access to materials.
- (18) The European Union can become a global leader in digital technologies, such as artificial intelligence, semiconductors, robotics, quantum technologies and others by harnessing the untapped potential of our researchers and industries. The ECF will promote the development and deployment of digital solutions across the Union for the benefit of the European society and economy.
- (19) Two decades of chronic underinvestment in the European tech sector is one of the main reasons for the lack of competitiveness of the EU, as compared to our global competitors. Moreover, European sovereignty in digital technologies and infrastructures has become key for our resilience, security and for democracy. While Europe's digital transformation is accelerating, the many critical dependencies on non-

⁵ COM(2025) 90 final

EU suppliers (from raw materials, advanced semiconductors, and AI chips to systems, infrastructures and services) require European alternatives that anchor the digital transformation in Europe's economy, with our shared values as the essential differentiator. The digital areas to invest in include a number of critical frontier technologies such as Artificial Intelligence, semiconductors or quantum and key infrastructures such as cloud, High Performance and quantum computing, communication and sensing infrastructures, or digital communication networks, including submarine cables, as well as cybersecurity capacities. Fostering their uptake across private and public sectors makes our entire economy more competitive, secure, sovereign, and sustainable. Moreover, digital technologies are driving the modernisation of the public sector, serving for the integration of the single market, which is our most valuable stepping stone for European digital start-ups to become globally competitive. Technological progress and innovation in every economic sector, and thus their productivity and competitiveness, are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the Fund.

- (20) Support for digital leadership is driven by recent and forthcoming regulatory and non-regulatory EU policy initiatives in the digital area such as the AI Continent and AI Action Plan, the Apply AI Strategy, the Data Union Strategy, the Cloud and AI Development Act, the Data Union Strategy, the Digital Networks Act, the EU Quantum Strategy and the Quantum Act, the Cyber-Solidarity Act, the Cyber-Resilience Act or the Cybersecurity Act, and the revision of the EU Chips Act, and by future policy initiatives. The digital areas to invest in are well-recognised and include a number of critical frontier technologies such as Artificial Intelligence, semiconductors, quantum, advanced communication networks, digital twins, virtual worlds and key infrastructures such as advanced underwater observing infrastructure, cloud, High Performance Computing, quantum computing, communication and sensing infrastructures, or digital communication networks, including submarine cables, as well as cybersecurity capacities. Fostering their uptake across private and public sectors generates significant added value, and makes our entire economy more competitive, secure, sovereign, and sustainable. Moreover, digital technologies are driving the modernisation of the public sector, serving the simplification for citizens and businesses and for the integration of the single market, which is our most valuable stepping stone for European digital start-ups to become globally competitive.
- (21) Technological progress and innovation in every economic sector, and thus their productivity and competitiveness are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the Fund in the context of the activities developed in the different policy windows of the ECF.
- (22) Europe must protect its security interest against suppliers which could represent a persistent security risk due to the potential interference from third countries as well as their cybersecurity practices. It is therefore necessary to reduce the risk of persisting dependency on high-risk suppliers in the internal market, including in the ICT supply chain, as they could have potentially serious negative impacts on security for users and companies across the EU and the EU's critical infrastructure in terms of the integrity of data and services as well as the availability of service. This exclusion should be based on a proportionate risk assessment and associated mitigation measures as defined in the Union policies and laws.

- (23) A successful deployment of interoperability across borders and sectors has a substantial, untapped potential, especially for the competitiveness of European businesses. Therefore, it is imperative to invest in the development of pan-European digital public infrastructures encompassing interoperable, secure and sovereign digital solutions and services to address the fragmented interoperability landscape across the Union and transform the European public sector into an interconnected, frictionless, and agile digital ecosystem. The implementation of interoperability by European public administrations at all levels is a precondition for a resilient and innovation-driven public sector which contributes to the Union's goals of competitiveness, technological sovereignty and security.
- (24) To improve public health and strengthen the competitiveness of the Union, it is crucial to tackle the rise of preventable diseases through targeted health promotion and disease prevention strategies and continued investments, including into the pharmaceutical and medical devices sectors. Such action, coupled with fostering effective, accessible, and resilient health systems, can significantly boost workforce productivity by improving population health and alleviating labour shortages, while also supporting health systems that drive innovation. Leveraging health data is essential in those efforts, enabling informed decision-making. Moreover, fostering innovation by solidifying the evidence-based path from medical breakthroughs to marketable solutions is key to enhancing Union competitiveness and also beneficial to reinforcing supply security. Additionally, the proactive prevention and management of possible future serious cross-border health threats, such as a pandemic, are vital to safeguarding the health and well-being of the population, thereby underpinning the economic stability and growth of the Union.
- (25) The bioeconomy is a growth engine that allows Europe to make a success of the green transition, strengthen its competitiveness and strategic autonomy. Although Europe's bioeconomy is already reshaping industrial ecosystems, reinforcing strategic autonomy, and unlocking value across strategic sectors, it is crucial to strengthen investments, initiative and strategies at EU and Member State level to bring it from niche to norm across EU sectors and geographies to realise its potential, in practice, and in particular for key industries, primary producers, and rural and coastal areas. There is a need to foster the competitiveness, sustainability, resilience and fairness of the agricultural and forestry sectors, and contribute to long term food security in the EU
- (26) Investments, initiatives and strategies are needed to close the innovation gap and accelerate the discovery, development, derisking, demonstration, scale-up of bioeconomy innovations, to support their market uptake, to provide finance along the innovation journey for start-ups and for scaling up high growth companies, to maximise resource efficiency and to secure sustainably sourced biomass supply. The bioeconomy contributes to decarbonisation, by providing sustainable alternatives to fossil-based products and processes, but also to circularity, the clean transition, biodiversity, ecosystem services, and nature restoration.
- (27) Fostering the resilience of the European industry is essential for the Union to remain competitive even in times of crisis and is essential for EU's security. To ensure its resilience, the ECF will support actions aimed to reduce dependencies and diversify supply in strategic sectors such as the raw materials sector, thus reinforcing the Union

capacities for a secure supply of sustainable raw materials along the whole value chain in line with the objectives of the Critical Raw Materials Act⁶.

- (28) Defence industry and space are key ecosystems to ensure the European Union's (EU) strategic autonomy and increase the EU's readiness and preparedness. They also support the EU's renewed focus on sustainability, competitiveness, resilience, and security, and the EU position in the world. A strong defence industry is an indispensable prerequisite of defence readiness and credible deterrence. It is also essential for the protection of European citizens, ensuring the Union's ability to respond to emerging security challenges, to support Ukraine, and to uphold Europe's position as a global actor. The European defence technological and industrial base is recognised as a strategic asset, contributing to the EU's economic resilience, innovation, technological leadership and strategic autonomy. Across the EU and its Member States, the defence sector is evolving rapidly, with cutting-edge technologies and new actors playing an increasingly important role. Innovation cycles are also accelerating, with growing emphasis on rapid prototyping, testing and validation, including in real operational environments. Coordinated and sustained support to the European defence industry is therefore key to reinforce the collective security of the EU and its Member States and its defence preparedness
- (29) Space contributes to the resilience of the Union and its Member States, for example by supporting the development and monitoring of critical raw material projects and infrastructure in the EU and globally. It also drives scientific research and technological innovation, with spill-over effects in a wide range of sectors. Finally, space offers a platform for international cooperation and space diplomacy to underpin the EU's position as a reliable partner on the global scene.
- (30) The ECF should also support the policy goals of a safer, more secure Europe that is better prepared against security threats, in particular by enhancing European industry competitiveness and strategic autonomy for internal security, including maritime, border and migration management, and civil preparedness. To address increasing security and hybrid threats like terrorism, organised crime, cybercrime, and attacks on critical infrastructure, the ECF should support Europe's efforts to increase its threat awareness, build resilience and boost security investments
- (31) Dual use technologies, materials, knowledge, or products that can be used for both civilian and military purposes may be supported across the ECF, to ensure a better connection of the EU's technological industry to its defence industrial base.
- (32) To ensure predictability for stakeholders and provide a sufficient level of certainty for investment planning, the ECF should set out an indicative budget distribution across the policy windows for the period 2028 to 2034 while maintaining flexibility to reallocate parts of the budget in accordance with new challenges and emerging priorities during the duration of the Multiannual Financial Framework. To this extent, it should be ensured that a certain minimum budget envelope is available for long-term planning and commitments broken down over several years into annual instalments in each policy window, allowing the Union to consolidate its demand and enter into strategic long-term relations with recipients and enabling the setup of important Union

⁶ Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1724 and (EU) 2019/1020 (Text with EEA relevance), OJ L, 2024/1252, 3.5.2024, ELI: <http://data.europa.eu/eli/reg/2024/1252/oj>

infrastructures, such as for hydrogen and industrial carbon management, world-class satellite systems, underwater observing infrastructures, cybersecurity, semiconductors quantum and high-performance computing.

- (33) To achieve the important objectives and manage the ECF, a sufficient level of resources for the implementation of the ECF should be provided. The budget envelope should therefore provide a sufficient contribution to the cost of managing the ECF.
- (34) Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council applies to this basic act. It lays down the rules on the establishment and the implementation of the general budget of the Union, including the rules on grants, prizes, non-financial donations, procurement, indirect management, financial instruments and budgetary guarantees.
- (35) In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council, Council Regulation (EC, Euratom) No 2988/95, Council Regulation (Euratom, EC) No 2185/96 and Council Regulation (EU) 2017/1939, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other illegal activities affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.
- (36) To promote the Union's competitiveness, in addition to its budget, wherever possible the ECF should attract and generate additional assigned external revenues. In this respect, the ECF should be open and facilitate synergies and cooperation for any financial or non-financial contributions that can support the competitiveness objectives, including from Member States, third countries and international organisations.
- (37) To promote the resilience of the EU economy, notably by reducing strategic dependencies, the ECF should enable EU preference for support to manufacturing and developing strategic technologies and sectors located in the Union, notably for actions related to Union strategic assets, interests, autonomy or security. It is essential that European funding contribute to the uptake of technologies developed in the EU and funded through European funding. To support the development and manufacturing in the EU of technologies funded by the EU, the ECF should allow to condition its support through control restrictions, asset transfers restrictions and supply restrictions to the use of specific products and technologies. .
- (38) ECF activities should be open for cooperation with third countries where this is in the interest of the Union. To that extent, the Union may associate, fully or partially, third

countries to the activities under the policy windows of the ECF. Association should be subject to a fair balance as regards contributions and benefits of the third countries and ensure the protection of the financial, or, where relevant, and security interest of the Union.

- (39) The ECF should be open and facilitate both planned and ad-hoc synergies with other Union activities that support policy areas closely linked with competitiveness, including external policies and programmes in shared management with Member States, and allow for the combination and cumulation of funding for actions supporting the objectives of more than one Union policy area. Cooperation between the Commission and Member States should be established to ensure consistency and complementarities between the ECF and [National and Regional Partnerships]. Moreover, support from [regional and national partnerships], but also from the ECF, to projects that have been awarded the Competitiveness Seal should be facilitated, taking advantage of the assessment conducted prior to the attribution of the Seal. The Competitiveness Seal should be awarded to high quality projects contributing to the objectives of the ECF. The ECF may be implemented jointly with other Union programmes or other co-donors or co-investors, and those partners should be able to participate in evaluation committees for jointly funded award procedures. The implementation of all those synergy activities should be simple and reporting and record-keeping requirements for recipients should be reduced, where possible to a single contractual reporting and payment stream with a single set of rules for all support provided.
- (40) Union support should focus on the achievement of policy objectives. In all cases, ECF funding should be provided in the form best able to achieve its objectives, while limiting administrative burden for recipients to the absolute minimum. When implementing the budget, the ECF should provide the full toolbox of Union support and ensure synergies between its supported policies, in particular by allowing for simplified common award procedures to pursue objectives of more than one policy.. Union support should focus on the achievement of policy objectives. As such, the elimination of burdensome financial reporting through the widest possible use of financing not linked to cost should be pursued as a major simplification measure.
- (41) Although the ECF should support a diverse set of policies contributing to competitiveness, the ECF should provide for a harmonised baseline set of eligibility criteria to provide policy steer on the need to focus Union support on recipients in the Member States, including Oversea Countries and Territories, and ensure a sufficient level of protection of economic and security interests. However, the ECF should establish specific eligibility conditions for strategic sectors and technologies, including underlying value chains, critical Union infrastructures and specific capabilities.
- (42) The ECF should be implemented through work programmes (for grants and procurement) or [investment guidelines (for the ECF InvestEU Instrument)], as set out in this Regulation. The designated mode of implementation reflects the identified needs for directionality, flexibility and efficiency, required to meet the objectives of the Regulation. In accordance with Regulation (EU, Euratom) 2024/2059, the work programmes and the call documents will set out more technical implementation details for the budget across the set of policies supported by the ECF, including specific eligibility and award criteria depending on the instrument of budget implementation, be it grant, or procurement, and the specific policy objectives pursued. Work programmes are also the appropriate place to allocate budget in accordance with evolving policy priorities, and should set out contributions, specific conditions and

expected results. [For financial instruments, including when combined with non-repayable support in blending operations, and the budgetary guarantee the detailed rules will be established in the Investment Guidelines].

- (43) To deliver on the objective of translating research results into markets and strengthening EU's industrial presence in strategic technologies and sectors, the Framework Programme for Research and Innovation tightly linked with ECF will support research and innovation activities. Grants and procurement will be implemented through work programmes. The ECF work programmes will include collaborative research actions, in a specific dedicated part. They will also have the possibility to include specific policy interventions to enhance European competitiveness.
- (44) In order to foster resilient EU value chains spanning across multiple Member States, the work programmes may include special value-chains scale up calls which shall support both project preparation and crowding in of additional public and private capital to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply.
- (45) In order to foster competitiveness of European industry through industry-driven bottom-up innovation, the work programmes may include special 2-stage bottom up award procedures to identify and support EU Tech frontrunners through industry-driven consortia.
- (46) A horizontal, cross-cutting funding toolbox should be set at the service of all policy windows, offering every form of support allowed by Regulation (EU, Euratom) 2024/2059, such as financial instruments, including support provided in the form of equity. The choice of the specific funding instrument and in particular whether support will be repayable or not, shall depend on the nature of the actions to be funded (for example underlying market failures, the specific need, the nature of the industry, the stage of development or type of the beneficiary necessitates)... Union support should derisk projects to the degree necessary for the private sector to invest and for the project to be successfully delivered. Co-financing rates should be as low as possible and as high as needed to realise the supported project. A mix of funding tools could be used, including blending operations and combination of funding. The ECF should also provide each policy area with advice on the most appropriate funding tool to be used for its specific actions, depending on, inter alia, the development stage, the specific industry needs and underlying market failures
- (47) Cooperation between public and private sectors can benefit European competitiveness and leveraging private investments is necessary to complete the objectives of the ECF. Therefore, the ECF should synergistically contribute to partnerships established under the Framework Programme for Research and Innovation.
- (48) Multistakeholder consultations, including those of researchers and industry, as well as investors, and civil society, from SME, small to large organisations, should contribute to the priorities of the ECF. Those consultations should be structured via advisory boards including the ECF Stakeholders Board whose task should be to provide insights and advise the Commission on policy trends, on investment needs, and on the implementation of the ECF from the perspective of project promoters, with the aim to ensure that feedback from stakeholder communities is reflected in the design of work programmes.

- (49) Important Projects of Common European Interest (IPCEIs) are a state aid instrument and industrial policy tool approved by the Commission pursuant to Article 107(3), point (b), TFEU. They contribute significantly to economic growth, job creation, the green and digital transition and competitiveness and resilience of the Union industry and economy. IPCEIs make it possible to bring together knowledge, expertise, financial resources, and economic actors throughout the Union and create positive spillover effects for the whole Union. IPCEIs also allow to crowd-in private investments in high-risk projects that are essential to bring breakthrough innovation closer to industrial deployment. Given the commonalities of objectives pursued, the ECF will foster synergies between EU funding and IPCEIs by supporting specific projects integrated within IPCEIs, based on their contribution to EU strategic priorities, such as the resilience of the Union, and on the ability of ECF financing to broaden participation, notably of SMEs, their Member State coverage and increase EU added value.
- (50) The ever-evolving geopolitical situation underlines the need for Europe to ensure its own strategic autonomy and avoid strategic dependencies. The ECF will include the possibility to support production ramp up and undertake accelerated competitiveness actions for projects that offer specific support to European strategic autonomy. This is for example the case for projects that have been selected as strategic under the CRMA and NZIA.
- (51) The mutual insurance mechanism (MIM) set up pursuant to Horizon Europe and managed by the Commission has proved to be an important safeguard mechanism which mitigates the risks associated with the amounts due and not reimbursed by defaulting participants. Therefore, the MIM should be continued and, where relevant open to use by actions under the ECF.
- (52) To explore all possible venues to improve European competitiveness, the ECF should provide a structured framework for targeted experimentation in the award and implementation of Union support, in particular to better target and accelerate Union award procedures and simplify and accelerate their implementation to the benefit of recipients. This should allow, within a concretely defined frame, to specify on a case-by-case basis certain actions or categories of actions to benefit from certain additions, derogations and exceptions from other Union legislation and to test the impact in a real-world environment for the limited period of the duration of the ECF while ensuring that appropriate safeguards, in particular a common European interest, are in place. The application of experimental measures may provide lessons for the assessment of future changes to the horizontal legal framework for the provision of Union support.
- (53) Where necessary and duly justified, the ECF should provide a targeted intervention mechanism to more deliberately target Union support to certain actions of strategic and economic importance, this may include projects of imperative public interest to the Union. Where certain important projects could not be successfully implemented within the timeline for completion of regular competitive award procedures, the ECF should also provide for the possibility of directly taking-up excellent projects that remained unfunded under any Union programme or continue to financially support well-working projects seamlessly in their next steps along the business journey, without imposing additional administrative burden for the recipients.
- (54) Where necessary and duly justified, the ECF should also be able to provide an ‘accelerated intervention’ mechanism to accelerate the provision of Union support to

address urgent funding needs to enable the successful implementation of important business ideas in the single market. To this purpose, due to the urgency, certain checks should be conducted only after the provision of funding, facilitating and limiting administrative burden for recipients and providing financial certainty in the fastest possible manner while accepting a reasonable level of financial risk to the Union commensurate with the objectives pursued.

- (55) Where necessary and duly justified, the ECF should moreover increase the competitiveness of the Union, for example if necessary to incentivise in particular start-ups and innovators established outside of the Union to relocate and build up their business in the single market, by providing an ‘inducement intervention’ mechanism attracting successful start-ups and innovators from all over the world and incentivise their relocation and build-up of their businesses in the single market. For this purpose, the eligibility requirements, for example as regards establishment in the Member States or associated countries at the start of Union support should be temporarily waived to allow recipient to resettle within a set timeframe with the assurance of subsequent Union support. The financial interest of the Union should be duly protected, and payments should not be provided until the eligibility requirements are fulfilled.
- (56) Where necessary and duly justified, the ECF should also simplify and accelerate the implementation of Union support for certain important projects.
- (57) The ECF InvestEU Instrument should provide the budgetary guarantee and financial instruments for the EU competitiveness, implemented by the EIB Group, international financial institutions, as well as the national promotional banks and institutions. The budgetary guarantee and financial instruments of ECF InvestEU Instrument are expected to mobilise more than EUR xxx 000 000 000 of additional investment across the Union to support European competitiveness in strategic technologies, services and sectors.
- (58) The open architecture will remain a key aspect of the set-up building upon the broadened collaboration and expertise under the 2021-27 Multiannual Financial Framework. The Commission and the EIB Group will form a partnership under this Regulation with the objective of supporting the implementation of the ECF Investment Instrument and fostering consistency, inclusivity, additionality, and efficient deployment.
- (59) To avoid undue administrative burden and ensure a shift deployment and support to the market in continuity across programming periods, the implementation of the ECF InvestEU Instrument relies on the existing community of the InvestEU Regulation pillar assessed implementing partners, contracts arrangements and relevant financial products. Implementing Partners approved under InvestEU Regulation with which an agreement was concluded, shall be eligible to continue to be implementing partners under the ECF InvestEU Instrument. The financial products established under InvestEU Regulation and new products to be continued under this Regulation are state aid consistent within the meaning of the Financial Regulation Article 212(2).
- (60) Moreover, to ensure sound financial management, a faster roll-out and simplification to entrusted entities, the implementation of the ECF InvestEU Instrument budgetary guarantee and financial instruments should benefit from the streamlined experience in implementing the budgetary guarantee and build on existing agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting

tools, thereby improving the impact of Union support and allowing for more focus on efficiently supporting final recipients.

- (61) To provide implementing partners with broader access to the ECF InvestEU Instrument, the Commission should be able to conclude agreements in indirect management with all the categories of entities listed under Article 62(1), point (c), Regulation (EU, Euratom) 2024/2059. To unlock private capital, bodies established in a Member State, governed by the private law of a Member State or Union law should also exceptionally be eligible to be entrusted with the implementation of financial instruments or budgetary guarantees, including when combined with grants or with other forms of non-repayable support in blending operations, to the extent that such bodies are provided with adequate financial guarantees. Such bodies should be selected with due account to the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity of those bodies, and the economic viability of projects of final recipients. The selection should be transparent, justified on objective grounds and should not give rise to a conflict of interests.
- (62) To ensure consistency, the budgetary guarantee and financial instruments, including when combined with non-repayable support in blending operations, under the ECF Investment Instrument should be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509.
- (63) To comply with the requirements of Regulation (EU, Euratom) 2024/2509, this Regulation should set out a maximum amount of the budgetary guarantee under the ECF InvestEU Instrument, a provisioning rate for that budgetary guarantee, an obligation for the Commission to review that provisioning rate and the possibility for third parties and third countries to contribute specifically to the ECF InvestEU Instrument.
- (64) It should be possible that the ECF InvestEU Instrument, including the budgetary guarantee, serves as a horizontal delivery tool for other Union policies, to provide support under other Union programmes in accordance with the objectives and eligibility criteria set out in those programmes. For that purpose, the corresponding provisioning of financial liabilities should be made by those other programmes. Where other Union programmes contribute to objectives of Union's internal policies, support in the form of a budgetary guarantee or financial instruments, including when combined with non-repayable support in a blending operation, should be provided exclusively through the ECF InvestEU Instrument.
- (65) The ECF InvestEU Instrument will provide a single, centralised place for establishment and management of all budgetary guarantees and financial instruments contributing to objectives of Union's internal policies, which will contribute to improved efficiency and increase policy impact of Union financing.
- (66) A Project Advisory should be established to support objectives of the ECF, building on the legacy and structures of InvestEU Advisory Hub. It should unify advisory support to private and public entities across Europe, offering tailored services to potential beneficiaries and contribute to development of a pipeline of potential investment operations under the ECF. At the same time, role of business support services such as the EU for Business Network, among others, should be to make European businesses become more innovative and competitive, grow and scale in the Single Market. To avoid undue administrative burden and ensure a swift deployment

and support to the market in continuity the ECF may rely on the existing community of the InvestEU pillar assessed advisory partners.

- (67) SMEs make up more than 99 % of all businesses in the Union, provide two thirds of jobs, and contribute substantially to the creation of new quality jobs in all sectors. Scaling firms exist across all sectors and levels of innovative prowess. Stimulating the EU's growth and innovation can only happen by boosting the many scalers that exist across the EU SME population. SMEs are essential to achieve the green and digital transformations of the economy, including the achievement of climate neutrality.
- (68) However, access to finance is an important barrier for SMEs, especially for start-ups and scale-ups, as they often rely on external financing to support their growth plans. SMEs face further barriers to innovation and growth that do not affect larger firms to the same extent, for example the lack of entrepreneurial skills, lack of access technology infrastructure, difficulties in protecting intellectual property or accessing export markets and value chains in order to develop their internationalisation activities.
- (69) Therefore, the ECF will support SME's access to finance and strengthen the competitiveness of the EU SMEs via two main avenues: First, in addition to the EU business Network, the ECF will also conduct additional cross-cutting activities focused on strengthening the competitiveness of the SMEs. Second, the ECF policy windows will include dedicated, sector-specific SME actions targeting SMEs in strategic sectors with a view to fostering SME innovation, growth and scaling-up. Special support should be granted for access to and the availability of finance for SMEs and small mid-caps across all sectors of the economy, including micro-finance and support for social enterprises. Furthermore, a flexible financial toolbox under the ECF should ensure that SMEs could receive the type of support that best fits to their needs along their investment journey. In particular, work programmes may include dedicated SME actions aimed at facilitating access to the ECF funding to SMEs, such as bonus systems to encourage SME participation.
- (70) To further support the principles of simplification and easy access to Union funding opportunities for beneficiaries, the ECF should offer a single portal centralising information of and access to all Union funding opportunities and support other activities to facilitate and accelerate access to Union and other funding, financing and investments, building on the legacy of InvestEU Portal, Access to Finance, STEP Portal and other relevant platforms. It should also be possible to directly apply to funding opportunities on the portal. Participants shall also be able to access information and services directly through the ECF InvestEU Instrument implementing and advisory partners.
- (71) The ECF is to be implemented in accordance with [*reference also to performance regulation*]⁷ which establishes the rules for the expenditure tracking and the performance framework for the budget, including rules for, establishing a Union support portal, rules for the evaluation of the programmes, as well as other horizontal provisions applicable to all Union programmes such as those on information, communication and visibility. ECF InvestEU Instrument will apply simplified rules for monitoring and reporting as well as presumed compliance with the principles of 'do no significant harm' when the final recipient respects all applicable legal obligations.

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- (72) In order to achieve the general and specific objectives of the ECF, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of changes to the maximum amount of the budgetary guarantee and the provisioning rate [and the investment guidelines under the ECF Investment Instrument] [TBD:; as well as in respect of certain measures in support of space policy]. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (73) In order to ensure uniform conditions for the implementation of the ECF through certain measures set out in work programmes as well as certain measures in support of space policy, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁸
- (74) Although work programmes and other acts implementing this Regulation concern specific budget implementation tasks which do not require a conferral of implementing powers and which should not normally fall within the scope of implementing acts referred to in Regulation (EU) No 182/2011, the advisory procedure should be used for the adoption of certain acts as defined in Regulation, including work programmes implementing activities for clean transition, health, biotech and bioeconomy, and digital leadership and artificial intelligence, resilience and space industry, given that those acts should be fully supported and create synergies with national and shared management activities conducted by the Member States. Due the sensitivity and particular importance of synergies and full coordination with Member States in the area of defence industry support, the examination procedure should be used for the adoption of work programmes in this area.
- (75) The Commission should adopt immediately applicable implementing acts where, in duly justified cases relating to the fact that a work programme has not been adopted sufficiently prior to the year of budget implementation to ensure business continuity of Union support, in particular of critical operational activities, such as satellite systems, or need to be adopted in expedited fashion to immediately react to a crisis or other similar exceptional and duly substantiated emergencies, imperative grounds of urgency so require.
- (76) The ECF replaces the programmes established by Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/696, (EU) 2021/697, (EU) 2021/783, (EU) 2023/588, (EU) 2023/1525, (EU) 2023/2418, and (EU) [EDIP], which should therefore be repealed, with the exception of certain regulatory parts under [EDIP],

⁸ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers, OJ L 55, 28.2.2011, p. 13–18.

HAVE ADOPTED THIS REGULATION:

Chapter I

General Provisions

SECTION 1

OBJECTIVES AND STRUCTURE OF THE FUND

Article 1

Subject Matter

1. This Regulation establishes the European Competitiveness Fund (the ‘ECF’) for the period of the Multiannual Financial Framework (the “MFF”) 2028-2034, including a specific programme on defence research and innovation referred to in Article 182(3) TFEU and lays down the objectives of the ECF, its budget for the period 2028-2034, the forms of Union support and the rules for providing such support under cross-cutting activities and specific policies supported by the ECF.
2. This Regulation lays down:
 - (a) ‘Clean Transition and Industrial Decarbonisation’ – implemented through the activities set out in Chapter II and Chapter IV, and contributing to the specific objectives set out in Article 3(2), point (a);
 - (b) ‘Health, Biotech and Bioeconomy’ – implemented through the activities set out in Chapter II and Chapter V, and contributing to the specific objectives set out in Article 3(2), point (b);
 - (c) ‘Digital Leadership’ – implemented through the activities set out in Chapter II and Chapter VI, and contributing to the specific objectives set out in Article 3(2), point (c);
 - (d) ‘Resilience, Defence Industry and Space’ – implemented through activities set out in Chapter II and Chapter VII, including the specific programme for defence research referred to in paragraph 1, and contributing to the specific objectives set out in Article 3(2), point (d).
3. The Regulation also sets up a legal framework aiming at ensuring security of supply, removing investment obstacles and production bottlenecks and supporting the competitiveness of the Union’s industrial base.

Article 2

Definitions

1. For the purposes of this Regulation, the following definitions apply:
 - (1) ‘Advisory agreement’ means a legal instrument whereby the Commission and the advisory partner specify the conditions of the implementation of the project advisory services;

- (2) 'Advisory partner' means an eligible counterpart such as a financial institution or other entity with whom the Commission has concluded an advisory agreement for the purpose of implementing one or more advisory initiatives, other than advisory initiatives implemented through external service providers contracted by the Commission or through executive agencies;
- (3) 'Competitiveness' means, as framed in the European Commission's Competitiveness Compass, the EU's capacity to raise productivity growth, high living standards, and strategic autonomy in a rapidly evolving global landscape. This concept extends beyond the traditional cost-based competition, emphasising innovation, investment, resilience, and industrial strength, particularly in green, digital, and key critical sectors;
- (4) 'Imperative public interest' means, for the purpose of Article 12, an overriding reason for providing Union support for a certain action, or set of actions, due to a clear and significant contribution to the achievement of policy objectives under the ECF, which justifies the application of accelerated and simplified rules to the award.
- (5) 'Compartment' means a part of the ECF InvestEU Instrument defined by the origin of the resources backing the support;
- (6) 'Control' means the ability to exercise a decisive influence over a legal entity directly, or indirectly through one or more intermediate legal entities.
- (7) 'EIB Group' means the European Investment Bank (EIB), its subsidiaries, and other entities established under Article 28(1) of Protocol No 5 on the Statute of the European Investment Bank (the EIB Statute);
- (8) 'EU competitiveness funding' under the ECF means the ensemble of all EU programmes linked to competitiveness, including the Framework Programme for research and innovation and Innovation Fund. For the purposes of this definition, Union programmes financed from sources other than the Union budget, such as the EU ETS Innovation Fund, may be assimilated to Union programmes financed by the Union budget;
- (9) 'Important project of common European interest' means a project that fulfils all the criteria laid down in the Commission Communication on Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest or any subsequent revision of that Communication;
- (10) ['Investment Guidelines' means a delegated act supplementing this legislative act, including specifying eligibility of investments, eligible counterparts, financial products, sustainability and other relevant aspects;]
- (11) 'Investment journey' means the continuum of public financial and policy support mechanisms provided to recipients across its entire development chain, including a comprehensive series of activities involved in the allocation of financial resources and provision of support to foster innovation and economic growth. This journey includes, but is not limited to, the initiation from fundamental and applied research phases, progressing through stages of scaling up, industrial deployment, and advancing to the culmination in full-scale manufacturing and industrial maturity and internationalisation;
- (12) 'ECF InvestEU Instrument' means an EU instrument in the form of a budgetary guarantee or a financial instrument;

- (13) 'Financing and investment operations' or 'financing or investment operations' means operations to provide finance directly or indirectly to final recipients through financial products, carried out by an implementing partner in its own name, provided by the implementing partner in accordance with its internal rules, policies and procedures and accounted for in the implementing partner's financial statements or, where applicable, disclosed in the notes to those financial statements
- (14) 'legal entities' means a legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programme (SEAP), which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of the Financial Regulation;
- (15) 'Policy window' means a targeted area for support by the ECF Toolbox as specified in Article 3.2;
- (16) 'pre-commercial procurement' means the procurement of research and development services involving risk-benefit sharing under market conditions where there is a clear separation of the research and development services procured from the deployment of commercial volumes of end-products;
- (17) 'Project advisory' means advisory that supports investment, including capacity building and market development activities, and business acceleration services provided by advisory partners, by external service providers contracted by the Commission or through executive agencies;
- (18) 'Seal of competitiveness' means a quality label which shows that a proposal submitted to a call for proposals meets all the quality requirements set out in the work programme but might receive support from other Union or national funding sources.
- (19) 'Small mid-cap company' means an entity as defined in the Commission recommendation 2025/3500 final;
- (20) 'Small and medium-sized enterprise' or 'SME' means a micro, small or medium-sized enterprise within the meaning of the Annex to Commission Recommendation 2003/361/EC;
- (21) 'Stakeholders' means individuals, groups, or organizations that are affected by and can be involved in the programme implementation;
- (22) 'Infrastructure' means all physical elements necessary for the provision of services and economic activities, including networks, grids and assets, as well as mobile assets linked to infrastructure, fostering decarbonisation, efficiency, digitalisation, and interoperability;
- (23) 'Repayable Funding' means financial support that must be returned to the provider;
- (24) 'Non repayable funding' means financial support that does not require the recipient to pay back the money received;
- (25) 'Work programme' means a document adopted by the Commission for the implementation of a specific programme as specified in Article 110 Regulation (EU, Euratom) 2024/2509.

Article 3

Objectives

1. The general objectives of the ECF are to increase European competitiveness, notably in strategic sectors and technologies critical to the EU competitiveness along the investment journey, in particular in support of projects and companies including SME's, start-ups, larger companies, universities, research and technology organisations and, where relevant, public authorities by:
 - (a) delivering technological, economic and environmental impact from the Union's investments, including by developing disruptive and incremental innovation, and emerging, cutting-edge and strategic technologies with significant economic potential, including by developing and accelerating their manufacturing and industrial deployment;
 - (b) reducing or preventing the Union's strategic dependencies, and reinforcing the Union's resilience and economic security, including through diversifying sources, support to ramp up of production and creating, strengthening and protecting critical EU value chains;
 - (c) crowding in private capital and institutional and national funding to further the integration of Union capital markets and deliver a Savings and Investment Union, including solutions to address the fragmentation of Union capital markets, and diversify and reinforce the sources of financing for Union enterprises
 - (d) addressing market failures and suboptimal investment situations in the Union's economies notably to promote Union's competitiveness through leveraging Union funding to crowd-in private investments in line with progress towards an Investment Union;
 - (e) aligning research and industrial policies support to translate EU's research excellence into EU industrial strength on global markets and securing the future of manufacturing in Europe;
 - (f) developing Union cross-border and critical infrastructure key to the Union's competitiveness, and strategic independence in particular energy and transport, digital, defence and space infrastructure and social infrastructure;
 - (g) strengthening the global competitiveness of SMEs and small mid-caps established in the Union, in particular by improving their access to finance, including micro-finance and support to social enterprises as facilitating access to Union funding, through faster, simplified and harmonised procedures
 - (h) reducing and ensuring a proportionate reporting burden;
 - (i) addressing shortages of skills critical to all kinds of high quality jobs in strategic sectors for EU competitiveness, in particular by pursuing to accompany investments with skills investment, to alleviate skills shortages in the given strategic sector supported by the ECF, contribute to the availability of skills in future emerging technologies, and indicate when it is included
 - (j) ensuring the integration of the Single Market, including by supporting initiatives at any stage of the investment journey with positive spill-over effects for the Single Market and resilience of its value chains.
2. Under the general objectives set out in paragraph 1, the ECF shall in particular pursue the following specific objectives:

- (a) For support to Clean Transition and Industrial Decarbonisation, the specific objectives of fostering competitiveness and innovation to support clean transition of European industry, clean tech, and contributing to the shift towards a sustainable, circular, energy-efficient, climate-neutral and resilient economy and transport sector; including through support to clean transition of SMEs, the development and decarbonisation of the transport sector, the development of alternative fuels and energy intensive industries and to support transport and energy infrastructures, and ramp up of industrial production, contributing to Europe's strategic autonomy.
- (b) For support to Health, Biotechnology and Bioeconomy, the specific objectives of fostering innovation and competitiveness of the health sector while ensuring supply security and the industrial capacity and capability to manage future serious cross-border health threats, such as a pandemic. For support to industrial and agricultural biotechnology, the specific objectives of contributing to the development and scalable production and uptake, availability and accessibility of medicinal products, medical devices, diagnostics and other medical countermeasures. For support to bioeconomy policy, the specific objectives of fostering an innovative and competitive bioeconomy in the EU, including in the areas of biobased materials and products, biomanufacturing, innovative food products and biochemicals; including support to SMEs, start ups and scaleups, contribute to the development and scalable production and uptake, availability and accessibility of bioeconomy innovations, including those based on cross-sectoral cutting-edge biotechnology; strengthen supply chains and increase their resilience. For support to the agriculture and food security, the specific objective of fostering the competitiveness, sustainability, and resilience of the agriculture, aquaculture, forestry and rural and coastal areas and their role in the transition to a low-carbon climate-resilient economy and the protection of natural resources and contributing to long term food security in the EU.
- (c) For support to Digital Leadership policy, the specific objectives of fostering innovation and competitiveness of digital sector for a competitive and secure Union and bringing its benefits to citizens and society, public administrations and businesses across the Union. This shall include, but not be limited to, supporting the entire digital value- and supply-chains and activities, in particular along the following dimensions: Achieving leadership in digital and AI technologies, including through technology transfer and innovation; Achieving technological sovereignty by building resilient digital ecosystems and ensuring a high-level of cybersecurity in the Union; Enabling the power of digital for businesses and citizens by deploying advanced digital applications and services, infrastructures, capacities and capabilities; including support to digitalisation of SMEs; Completing the digital transformation and interoperability of public and private sectors through the rapid uptake of AI, wallet technologies and other digital innovative solutions. Support to cultural and creative industries, complementing Creative Europe programme.
- (d) For support to 'Resilience, Defence Industry and Space' policy, respectively the specific objectives of:
- (1) For support to defence industry. The specific objectives of promoting defence industrial readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB), including support to start-ups, scale-ups and SMEs, fostering an innovative EU defence ecosystem; Collaborative research and development of defence products and technologies, including disruptive technologies for defence; Cooperation in

defence procurement and for the development of European defence projects of common interest; Adjustment of industry to structural changes.

- (2) For support to space policy, the specific objectives of providing cutting-edge Union space assets, providing cutting-edge Union space assets, EU space based data and services supporting Union policies, notably security, defence, sustainable growth, global engagement and strategic independence; Maximising the socio-economic benefits, in particular by fostering the development of an innovative and competitive Union space economy, including collaborative research and innovation for space products and technologies and support to space SMEs; Enhancing the safety, security and sustainability of all outer space activities; Promoting the role of the Union as a global actor in the space sector.
- (3) For support to resilience, the specific objectives of reinforcing Europe's resilience by strengthening the EU capacity in exploration, extraction, processing and recycling of raw materials and developing advanced manufacturing technologies and diversifying supply sources.
- (4) For support to civil security industrial, the specific objectives of strengthening the competitiveness and responsiveness of the European civil industry, in the application areas of security, (cyber and) physical resilience of critical infrastructures, technologies and solutions for the control of goods and persons at borders and civil preparedness against security threats, as well as reinforcing the capabilities of the relevant end-users in the civil security sector.

Article 4

Budget

1. The indicative financial envelope for the implementation of the ECF for the period from 1 January 2028 to 31 December 2034 shall be EUR [...] in [current] prices.
2. The indicative distribution of the amount referred to in paragraph 1 shall be as follows:
 - (a) EUR [...] for activities contributing to the general objectives referred to Article 3, as implemented in particular through cross-cutting activities such as non-thematic support of the ECF InvestEU Instruments, referred to in Section 2 of Chapter II; Project advisory, business support and SME collaboration referred to in Chapter III;
 - (b) EUR [...] for the specific objectives referred to Article 3(2), point (a);
 - (c) EUR [...] for the specific objectives referred to Article 3(2), point (b);
 - (d) EUR [...] for the specific objectives referred to in Article 3(2), point (c);
 - (e) EUR [...] for the specific objectives referred to in Article 3(2), point (d);
3. Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.
4. Appropriations may be entered in the Union budget beyond 2034 to cover the expenses necessary to fulfil the objectives set out in Article 3, to enable the management of actions not completed by the end of the period referred to in paragraph 1, as well as expenses covering critical operational activities and services.

5. The financial envelope referred to in paragraph 1 of this Article and the additional resources referred to in Article 5 may also be used for technical and administrative assistance for the implementation of the ECF, such as preparatory, monitoring, reporting, control, audit and evaluation activities, corporate information technology systems and platforms, information and communication activities, including corporate communication on the political priorities of the Union, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the ECF.
6. In accordance with Article 15(3) of Regulation (EU, Euratom) 2024/2509, commitment appropriations corresponding to the amount of recoveries and of decommitments resulting from partial- or non-implementation of defence collaborative research or innovation activities shall be made available again to the ECF in the context of the budgetary procedure.

SECTION 2

SINGLE RULEBOOK

Article 5

Additional resources

1. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, may make additional financial or non-financial contributions available to the ECF, or any of its specific activities or objectives referred to in Article 3(2), including specific contributions to the ECF InvestEU Instrument budgetary guarantee and financial instruments as referred to in [Article 21]. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.
2. Resources allocated to Member States under shared management may, at their request, be made available to the ECF. The Commission shall implement those resources directly or indirectly in accordance with point (a) or (c) of Article 62(1) of Regulation (EU, Euratom) 2024/2509. They shall be additional to the amount referred to in Article 4. Those resources shall be used for the benefit of the Member State concerned. Where the Commission has not entered into a legal commitment under direct or indirect management for additional amounts thus made available to the ECF, the corresponding uncommitted amounts may, at the request of the Member State concerned, be transferred back to one or more respective source programmes or their successors.
3. Amounts recovered under the mechanism set out in point (d) of Article 9, shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) 2024/2509, to the ECF or its successor.

4. Any revenues generated by activities and components under Chapter VII, section 3[REF to space section], shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) 2024/2509 to the ECF or its successor.

Article 6

Alternative, combined and cumulative funding

1. The ECF shall be implemented in synergy between its general and specific objectives and with other Union programmes. An action that has received a Union contribution from the ECF or another EU fund or programme may also receive another contribution under the ECF. The rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules may be applied to all contributions and a single legal commitment may be concluded. If the Union contribution is provided based on eligible cost, the cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.
2. Award procedures under the ECF may be jointly conducted under direct or indirect management with Member States, Union institutions, their departments, bodies and agencies, joint undertakings, other Union bodies, third countries participating to the concerned activities under the ECF, international organisations, international financial institutions, or other third parties, provided the protection of the financial interests of the Union as well as of the security and defence interests of the Union and its Member States is assured. Such procedures shall be subject to a single set of rules and lead to the conclusion of single legal commitments. To this purpose, the partners may make resources available to the ECF in accordance with Article 5, or the partners may be entrusted with the implementation of the award procedure, where applicable in accordance with Article 62(1), point (c) of Regulation (EU, Euratom) 2024/2509. In addition to Article 153(3) of Regulation (EU, Euratom) 2024/2509, in joint award procedures the evaluation committee may be partially composed by members that are representatives of contributing partners.

Article 7

Coordination

1. The Commission shall ensure the consistent implementation of the EU Competitiveness Funding.
2. The Commission and Member States shall facilitate coordination and coherence between EU Competitiveness Funding and national plans on common competitiveness priorities in selected key areas and projects deemed of strategic importance and of common European interest.
3. The ECF will be implemented in synergies with the Global Europe Fund [cross ref], in particular to support global competitiveness and strengthen export potential and opportunities of European companies.

Article 8

Seal of Competitiveness

1. A Competitiveness Seal may be awarded to high-quality actions which shall comply at least with the following conditions:
 - (a) they have been assessed in an award procedure under the ECF;
 - (b) they comply with the minimum quality requirements of that award procedure;
2. The work programme or the documents related to the award procedure may set out additional conditions.
3. Member States may directly support any proposal which has been awarded a seal, or may provide support through the ECF by making additional resources available to the ECF in accordance with Article 5(1) or (2).
4. Strategic projects under CRMA and NZIA will be directly granted the Seal of Competitiveness.

Article 9

EU Preference

1. The ECF support shall target development and manufacturing of strategic technologies and sectors located in the Union. The award procedures shall apply at least one of the below eligibility conditions to protect Union's strategic and economic security interests.
2. The work programme, [the investment guidelines] or the documents related to the award procedure may set out conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate, including through preferential conditions such as restrictions or incentives for Union entities, while limiting distortion of the single market, such as:
 - (a) participation and performance restrictions requiring participating entities to be established, use facilities, or perform activities in the Member States, and where appropriate other eligible countries. The work programme or the documents related to the award procedure may set out further details on the application of these participation and performance restrictions.
 - (b) transfer restrictions requiring recipients of ECF funding, during or within 5 calendar years after the end of an action, to not directly or indirectly transfer all or certain operations, results or related access and use rights, including granting of licences, from an eligible Member State or associated country to an ineligible third country. Otherwise, Union funding may be reduced and may be fully or partially recovered. The work programme or the documents related to the award procedure may set out further details on the application of these transfer restrictions.
 - (c) Supply and content restrictions requiring recipients of ECF funding to ensure a certain minimum use or sourcing of equipment, supplies and materials, or their components, used for the action from eligible entities referred to in paragraph 2, points (a) and (b), unless those supplies and materials cannot be reasonably sourced from those eligible entities. The work programme or the documents related to the

award procedure may set out further details on the application of these supply and content restrictions.

- (d) control restrictions requiring recipients of ECF funding to acquire and/or hold the ability to decide, without restrictions imposed by ineligible entities, on the creation and use of results, including the legal authority and practical capability to modify, substitute, or remove components of results that are subject to restrictions imposed by ineligible entities. The work programme or the documents related to the award procedure may set out further details on the application of these design authority restrictions.
3. Award procedures affecting security or public order, in particular concerning strategic assets and interests of the Union or its Member States shall be restricted in accordance with Article 136 of Regulation (EU, Euratom) 2024/2509. These eligibility restrictions may, in particular, include:
- (a) as regards the participating entities, executive management structures restrictions and ownership and control restrictions limiting participation of all or certain entities to those entities with executive management structure, as well as ownership and control by natural or legal persons, established in the Member States, and where appropriate other eligible countries;
 - (b) as regards the implemented activities, place of performance, use of facilities, or equipment restrictions limiting the use for all or certain activities to those assets located or originating in the Member States, and where appropriate other eligible countries;
 - (c) as regards other security restrictions, security reviews and risks assessments, security clearances, access rights restrictions, to ensure appropriate safeguards for all or certain results and other information generated or used by the action.

Article 10

Association of third countries to activities under the ECF

1. The ECF may be opened to the participation of the following third countries through full or partial association, in accordance with the objectives laid down in Article 3 and in accordance with the relevant international agreements or any decisions adopted under the framework of those agreements and applicable to:
- (a) members of the European Free Trade Association which are members of the European Economic Area, as well as European Micro-States;
 - (b) acceding countries, candidate countries and potential candidates;
 - (c) European Neighbourhood Policy countries;
 - (d) other third countries.
2. Provided any specific conditions laid down within each policy window or component are met, the Association Agreements for participation shall:
- (a) ensure a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;
 - (b) lay down the conditions of participation in the programmes, including the calculation of financial contributions, consisting of an operational contribution and a participation fee, to a programme and its general administrative costs;

- (c) not confer on the third country any decision-making power in the programme;
 - (d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests. The third country shall grant the necessary rights and access required under Regulation (EU, Euratom) 2024/2509 and Regulation (EU, Euratom) No 883/2013, and guarantee that enforcement decisions imposing a pecuniary obligation on the basis of Article 299 TFEU, as well as judgements and orders of the European Court of Justice, are directly enforceable;
 - (e) ensure the protection of strategic, security, defence and public order interests of the Union.
3. Separate specific agreements may be concluded in accordance with article 218 TFEU for activities under the ECF related to the protection of security and critical assets of the EU.

Article 11

Implementation and forms of Union support

1. The ECF is to be implemented in accordance with Article 110 of Regulation (EU, Euratom) 2024/2509.
2. [For ECF InvestEU Instrument, the conditions for implementation will be specified through investment guidelines, as described in Chapter II, Section 2.]
3. The ECF shall be implemented in accordance with Regulation (EU, Euratom) 2024/2509, under direct management or under indirect management with entities referred to in Article 62(1), point (c) of that Regulation. Award procedures implemented under the ECF, including collaborative research and innovation, shall comply with the general provisions of the ECF as set out in Chapter I and Chapter II, which, in case of conflict, shall prevail over any other rules pertaining to the activities or subsequent implementing acts.
4. Where award procedures concern more than one specific objective laid down in Article 3(2) or more than one Union programme, the work programme [or the investment guidelines] may specify that the award procedure is implemented under a single set of rules by applying directly Regulation (EU, Euratom) 2024/2509, complemented by the general rules set out in Chapter 1 and 2, or by applying the rules of one of the concerned specific objectives or programmes.
5. Union support may be provided in any form in accordance with Regulation (EU, Euratom) 2024/2509, in particular grants, prizes, procurement, non-financial donations, budgetary guarantees and financial instruments.
6. Where Union support is provided in the form of a budgetary guarantee and financial instruments, including when combined with other forms of non-repayable support in blending operations, it shall be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509.
7. Where Union funding is provided in the form of a grant, including when combined with other forms of support in blending operations, funding shall be provided in accordance with Title VIII of Regulation (EU, Euratom) 2024/2509 and in the form of financing not linked to costs in accordance with Article 125(1) point (a), of that Regulation (EU, Euratom) 2024/2509, or, where necessary, simplified cost options.

Funding may be provided in the form of actual eligible cost reimbursement only where the objectives of an action cannot be achieved otherwise.

8. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, for actions implementing research and innovation activities, the evaluation committee may be composed partially or fully of independent external experts
9. Contributions to a mutual insurance mechanism set out in [reference framework programme MIM article] may cover the risk associated with the recovery of sums due by recipients and shall be considered as a sufficient guarantee under Article 155 of Regulation (EU, Euratom) 2024/2509. No additional guarantee or security shall be accepted from beneficiaries or imposed upon them.

Article 12

Eligibility

1. Eligibility criteria shall be set to support achievement of the general and specific objectives referred to in Article 3 of this Regulation, in accordance with Regulation (EU, Euratom) 2024/2509 and apply to all award procedures under the ECF.
2. In award procedures under direct and indirect management one or more of the following categories of legal entities may be eligible to receive Union support:
 - (a) entities established in a Member States;
 - (b) entities established in an associated third country;
 - (c) international organisations;
 - (d) other entities established in non-associated third countries where the funding of such entities is essential for implementing the action and contributes to the objectives set out in Article 3.
3. In addition to Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509, associated third countries referred to in Article 7(1) of this Regulation and international organisations may, where relevant, participate in and benefit from any procurement mechanisms set Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509. Rules applicable to Member States shall be applied, mutatis mutandis, to participating associated third countries and international organisations.
4. In award procedures, the following activities shall not be eligible for support:
 - (a) activities that are prohibited by Union law, applicable international law, or by national law in all Member States;
 - (b) activities that are already fully financed from other public or private sources, except contributions from the Union in the context of synergy actions referred to in Article 6;
5. In addition to the grounds set out in Article 132 of Regulation (EU, Euratom) 2024/2509, award procedures and resulting legal commitments shall allow for termination where the objectives of the action are unlikely to be achieved at all or within the set timelines, or the action has lost its policy relevance.
6. The work programme referred to in Article 110 of Regulation (EU, Euratom) 2024/2509 or the documents related to the award procedure may further specify the eligibility criteria set out in this Regulation or set out additional eligibility criteria for specific actions.

Article 13

Application of the rules on classified information and sensitive information

1. A secured exchange system shall be used in order to facilitate the exchange of classified information and sensitive information with the Member States and, where appropriate, other recipients.
2. Union institutions, bodies and agencies involved in the implementation of the Union budget shall have access to information, including classified information, necessary for the purpose of carrying out the award procedures, implementing actions, including reporting and payments, as well as checks, reviews, audits, and investigations.
3. To ensure compliance with the requirements set out in Regulation (EU, Euratom) 2024/2509, including principles of transparency and equal treatment, in all stages of award procedures involving classified information, administrative data necessary to evaluate, award and audit Union funding, limited to legal, financial and procedural information, shall be treated as sensitive non-classified information.

Article 14

Governance

1. The ECF will establish a Strategic Stakeholders Board
2. The members of the ECF Strategic Stakeholders Board shall be appointed by the Commission, following an open call for nominations or for expressions of interest, or both, whichever the Commission finds more appropriate, and taking into account the need for balance in sector, organisation type and size, expertise, gender, age and geographical distribution. The term of members the Board shall be limited to four years, renewable once. Members of the Board should act with integrity and probity.
3. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and breach of confidentiality for the ECF Stakeholder Board. Members of the Board shall be bound by these terms.
4. The ECF Strategic Stakeholder Board, informed by an observatory on emerging technologies, shall advise on the overall direction for the ECF, including possible input to the a steering mechanism and Competitiveness Coordination Tool where relevant, advise on long-term competitiveness trends, advise on areas of market failures and suboptimal investment situations that could be addressed in the implementation of the ECF, and advise on the identification of strategic portfolios of projects within and across activities of the ECF, for which it may be composed in different policy-oriented configurations.
5. A fully independent Investment Committee shall be established under the ECF InvestEU Instrument (the ‘Investment Committee’).
6. The Investment Committee shall examine the proposals for financing and investment operations submitted by implementing partners for coverage under the EU guarantee and verify the compliance of the proposals for financing under the ECF InvestEU Instrument.
7. The Advisory Board on ECF InvestEU Instrument shall be composed of one representative of each implementing partner and one representative of each Member

State. In application of Article 4 of Regulation 182/2011, the Advisory Board on ECF InvestEU Instrument shall provide advice on the design of financial products, advice on the risk methodological framework, advice on the strategic and operational direction in its area of competence. It shall also provide advice on the coordination with the EIC to ensure complementarity with other EU funding or private investments, in particular with the ECF InvestEU Instrument.

8. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and breach of confidentiality for the Investment Committee and the Advisory Board on ECF InvestEU Instrument.
9. The Commission and Implementing partners shall establish regular Policy Review Dialogues to discuss progress with the implementation of the financial products and engage on relevant policy developments.
10. The Commission shall ensure that stakeholders are consulted in the development of the work programmes, with the creation of one or several thematic platforms per window.

Chapter II

ECF TOOLBOX

SECTION 1

GRANTS, PROCUREMENT AND INDUSTRIAL POLICY COORDINATION TOOLS

Article 15

Work Programmes

1. [For non-repayable instruments], the work programmes shall include collaborative research and innovation activities in a specific dedicated part and may set out:
 - (a) actions and associated budget required to meet the objectives of the ECF;
 - (b) instruments and form of funding,
 - (c) eligibility and award criteria;
 - (d) a single co-financing rate per action for actual cost grants;
 - (e) actions to which the Mutual Insurance Mechanism applies;
 - (f) rules applicable to actions concerning more than one specific objective;
 - (g) actions to which specific rules under Article 9 apply;
 - (h) actions which benefit from the mechanisms set out in Article 29;
2. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2), points [a), (b), (c), (d)]. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 73(2).
3. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2), points [d]. Those

implementing acts shall be adopted in accordance with the examination procedure referred to in Article 73(3).

4. On duly justified imperative grounds of urgency relating to the fact that a work programme has not been adopted by [October] 1 of the year preceding the year of budget implementation, the Commission shall adopt the work programme by means of immediately applicable implementing acts in accordance with the procedure referred to in Article 73(4) and not later than [October] 15 of the year preceding the year of budget implementation. Those implementing acts shall remain in force for the period of budget implementation.
5. On duly justified imperative grounds of urgency relating to the need for an immediate reaction to a crisis or other similar exceptional and duly substantiated emergencies, the Commission may adopt a work programme by means of immediately applicable implementing acts in accordance with the procedure referred to in Article 73(4).

Article 16

Single Market value chains builder

1. In order to foster resilient EU value chains, the work programmes may include special value-chains scale up calls which shall support both project preparation and crowding in of additional public and private capital to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply.

Article 17

EU Tech frontrunners

1. In order to foster competitiveness of European industry through industry-driven bottom-up innovation, the work programmes may include special 2-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia leveraging on their role as innovation and export drivers to support both project preparation as well as crowding in of additional public and private capital.
2. During the first stage, an open call for expression of interest for goods, works or services that might contribute to Union competitiveness in general or in a specified sector may be launched without specification of the kind of activities or the instrument of budget implementation to be used.
3. Proposals and offers shall be evaluated and ranked based on common award criteria such as their comparative contribution to Union competitiveness.
4. The evaluation committee shall determine the most appropriate instrument of budget implementation, as well as propose the maximum amount and form of the Union contribution.

Article 18

Production Ramp up actions

1. By way of derogation from Article 196(2) of the Financial Regulation, financial contributions may, where relevant and necessary for the implementation of

manufacturing projects essential to support the general resilience objective as indicated on Article 3.1, cover actions that started prior to the date of the submission of the proposal for those actions.

Article 19

Top Ups for IPCEIs

1. The ECF may support:
 - (a) projects directly participating in an Important Project of Common European Interest (IPCEI) approved by the Commission pursuant to Article 107(3), point (b), of the Treaty of the Functioning of the European Union (TFEU) the follow-on projects based on results from IPCEIs, conditional on significant private investments;
 - (b) the follow-on projects based on results from IPCEIs, conditional on significant private investments.
2. Any support of the ECF for IPCEI (1a.) will be conditional on national co-funding.

Article 20

Accelerated Competitiveness Actions

1. In order to create or facilitate the possibility of Union support to actions of imperative public interest or critical time-sensitivity, which could otherwise not be effectively implemented under the normal rules applicable to the Union budget or sectoral policies, the work programmes may identify certain award procedures, under direct or indirect management, that may benefit from certain additions, exceptions, and derogations from applicable law, during the award procedure or implementation of the supported activities, under the conditions that:
 - (a) it is necessary and appropriate to achieve the objectives of the action in line with the general or specific objectives of the programme; and,
 - (b) it is duly justified by an imperative public interest, or is of a time-sensitive nature, or both; and,
 - (c) it cannot otherwise be effectively implemented under the normal rules applicable to award procedures.
2. In accordance with paragraph 1, one or more of the following measures may be applied to an award procedure:
 - (a) Targeted interventions (for specific sectors or companies): For grants, without prejudice to the use of competitive procedures wherever possible in line with Article 192(1) and in addition to Article 198 of Regulation (EU, Euratom) 2024/2509, the work programme may specify that an award procedure takes the form of a ‘targeted intervention’ to:
 - (1) identify an action of imperative public interests of the Union and beneficiaries or categories of beneficiaries which may be invited to submit a proposal without a call; or,
 - (2) set out an amount up to which proposals may be identified and invited that have been awarded a seal referred to in Article 6 of this Regulation but have not received Union funding due to lack of budget. The applicants may be invited to resubmit their proposal without a call. Where the proposal is

resubmitted without substantial change, the granting authority may decide to fully rely on the prior positive evaluation as well as any previously conducted controls and submitted supporting documents. The reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509; or,

- (3) specify an action and beneficiaries, or a policy area and categories of beneficiaries, and set out an amount up to which proposals may be invited for extension of ongoing or completed actions under the ECF or other Union programmes in order to continue or add additional activities or entities, and/or to further develop results. Where actions and beneficiaries are not individually identified in the Work Programme, the reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509. The award may take the form of an amendment to the original action by adding new activities and increasing the maximum Union contribution.
3. Accelerated interventions (shortened procedures): By derogation from Articles 199, 201, 203 regarding grants or from Article 170(1), points (b) and (c), and (2) regarding procurement, of Regulation (EU, Euratom) 2024/2509], the Work Programme may specify that an award procedure takes the form of an ‘accelerated intervention’ to:
 - (a) limit the requirements for the award decision and signature of legal commitments to a preliminary evaluation of award and exclusion criteria. The award decision shall be taken based solely on a self-declaration of applicants and tenderers on selection and eligibility criteria without request for corresponding supporting documents during pre-evaluation. The final evaluation, including for selection and eligibility criteria, and the requests for any relevant supporting documents shall be conducted within three months of the signature of the legal commitment; and,
 - (b) require the notification of the results of a pre-evaluation to the applicants or tenderers within [30 calendar days] of the deadline for submission of proposals or tenders. The award decision shall be taken within [60 calendar days] of the deadline for submission of proposals or tenders and shall be exempted, where applicable, from the procedures set out in Article X the completion of the final evaluation the amount of pre-financing paid shall not exceed 25% of the maximum Union contribution.
4. Inducement intervention (waivers of eligibility criteria): By way of derogation from [Article15] of this Regulation, the Work Programme may specify that an award procedure takes the form of an ‘inducement intervention’ to allow for a deferred compliance with a specified part of the eligibility criteria during the award procedure and parts of the implementation of the action, in particular regarding the place of establishment. Compliance with the deferred eligibility criteria shall instead be achieved and evaluated during the implementation of the action within a timeframe specified in the legal commitment. For inducement interventions no pre-financing shall be paid. In case the deferred eligibility criteria are not complied with at the specified date, the action shall be considered ineligible in its entirety and any Union funding shall be fully recovered.
5. Within the available budget, successfully evaluated projects or offers shall be invited to adjust and complete their proposal or offer in accordance with the conclusions of

the evaluation committee. The award procedure shall otherwise proceed in accordance with the rules set out in [Article 11], as applicable to the respective instrument of budget implementation.

6. Further possible derogations from Union law: Where necessary to achieve the successful and timely implementation of an action contributing to objectives set out in Article 3, the Work Programme may identify award procedures for which recipients of Union funding may benefit from certain derogations from Union law, which shall be strictly limited to the purpose and duration of implementing the action. One or more of the following measures may be applied to the action throughout its duration:
 - (a) For actions which are implemented by the recipients through public procurement:
 - (1) By way of derogation from Article 29(2), second subparagraph, of Directive 2009/81/EC of the European Parliament and of the Council, a contracting authority/entity may modify an existing framework agreement with an undertaking complying with the provisions laid out in Article 13, paragraphs 1 and 2, which has been concluded following one of the procedures provided for by Article 25 of that Directive so that the provisions of that framework agreement may apply to contracting authorities/entities which are not originally party to that framework agreement.
 - (2) By way of derogation from Article 29(2), third subparagraph, of Directive 2009/81/EC, a contracting authority/entity may make substantial amendments to the quantities laid down in an existing framework agreement with an undertaking complying with the provisions laid out in Article 13, paragraphs 1 and 2, insofar as that is strictly necessary for the application of paragraph 2 of this Article. Where quantities laid down in an existing framework agreement are substantially modified pursuant to this paragraph, any economic operator that meets the contracting authority's/entity's conditions initially laid down in the public procurement procedure for the framework agreement, including requirements for qualitative selection as referred to in Articles 39 to 46 of Directive 2009/81/EC, and which complies with the provisions laid out in Article 13, paragraphs 1 and 2, shall be given the opportunity to become party to that framework agreement. The contracting authority/entity shall open that possibility by means of an ad hoc notice published in the Official Journal of the European Union.
 - (b) Actions which require the planning, construction and operation of facilities funded under award procedures shall be considered, where relevant depending on the nature of the action, as of imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Council Directive 92/43/EEC and Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council, in the interest of defence within the meaning of Article 2(3) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council, and in the interests of public health and safety within the meaning of Article 9(1), point (a) of Directive 2009/147/EC of the European Parliament and of the Council, provided that the remaining other conditions set out in these provisions are fulfilled.
 - (c) For actions which require the processing of personnel data, in particular using new technologies:

- (1) By derogation from Article 35, paragraph 1, of Regulation (EU) 2016/679, the data protection impact assessment may be carried out within [two months] after the start of processing.
- (2) By derogation from Article 36, paragraph 1, of Regulation (EU) 2016/679, the controller may consult the supervisory authority after the start of processing where a data protection impact assessment has been carried out in accordance with point (i) of this subparagraph.

SECTION 2

ECF INVESTEU INSTRUMENT

Article 21

Subject matter

1. The ECF InvestEU Instrument shall constitute the horizontal delivery tool for Union internal policies. It shall contain the budgetary guarantee and financial instruments, including when combined with non-repayable support in a blending operation, for the purpose of contributing to the general and specific objectives set out in Article 3 and may be implemented in synergy with other Union or national activities, including through compartments for Member States.
2. The ECF InvestEU Instrument may in particular provide loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients.
3. The maximum amount of the budgetary guarantee under the EU Compartment of the ECF InvestEU Instrument shall be [EUR X bn] in current prices. It shall be provisioned at the rate of [X] %. [Of these, at least [EUR X bn] of the budgetary guarantee shall be allocated at the beginning of the implementation period to the general and specific objectives set out in Article 3].
4. [The amount of [X EUR] will be allocated to financial instruments under the EU Compartment of the ECF InvestEU Instrument.]
5. [The amounts of the ECF InvestEU Instrument shall be allocated through the investment guidelines to ECF windows and to support the general objectives of the ECF, as referred to in Article 3(1), in particular for purposes referred to in Article 3(1)(c), (d) (e), (f) and (g).]
6. The following rules shall apply to the provisioning referred to in paragraph 3:
 - (a) the provisioning rate shall be reviewed at least every three years;
 - (b) For the purpose of support to other Union programmes referred to in Article 24 paragraph 3 (c), the provisioning shall be made from the financial envelope of the other Union programme.
 - (c) the provisioning shall take into account the progress in granting the Union budgetary guarantee; through the signature of the guarantee agreements, and

- (d) in accordance with Article 214(2) of Regulation (EU, Euratom) 2024/2509, the initial provisioning shall be constituted until [last year of MFF + 3 years].
7. The Commission is empowered to adopt delegated acts in accordance with Article 76 to adjust the provisioning rate and to adjust the maximum amount of the budgetary guarantee with up to 20%, or to adjust the amount of the financial instruments up to 20% as set out in paragraph 2.
8. [Support from a budgetary guarantee or a financial instrument under this Regulation and Union support provided through financial instruments or budgetary guarantees established by programmes in other programming periods may be combined to support financial products or portfolios implemented or to be implemented under this Regulation or any Regulation replacing this Regulation under future programming periods.]
9. [In case of combinations as set out in paragraph 8, a budgetary guarantee or a financial instrument under this Regulation may also cover losses from the financing and investment operations supported by the financial products or portfolios referred to in paragraph 8 of this Article.]
10. [The terms and conditions of the financial products and portfolios [referred to in paragraph 8 of this Article], including the respective shares of losses, revenues, repayments and recoveries, as well as the release of the budgetary guarantees or the support under the financial instruments established by the programmes in other programming periods, and the transfer of any corresponding assets from fiduciary accounts to Common Provisioning Fund shall be set out in the guarantee agreements]
11. [By derogation of Article 212(3) of the Financial Regulation, resources paid back, before the end of the eligibility period, to financial instruments from investments in final recipients or from the release of resources set aside for guarantee contracts, including capital repayments and any type of generated income that is attributable to the support from the Funds, shall be re-used in the same or other financial instruments for further investments in final recipients, to cover the losses in the nominal amount of the Funds contribution to the financial instrument resulting from negative interest, [,] or for any management costs and fees associated to such further investments, taking into account the principle of sound financial management.]
12. [By derogation from Article 212(3), 214(6) and 216(4)(a) of the Financial Regulation, revenues, repayments and any surpluses of provisioning under budgetary guarantees or unused amounts of support under financial instruments established by programmes in other programming periods may be used for covering financing and investment operations eligible under this Regulation for the purpose of the combination referred to in paragraph 8 or for the provisioning of a budgetary guarantee or the financing of the financial instrument under this Regulation or any Regulation replacing this Regulation under future programming periods and thus increase the amounts allocated to them under this Regulation.]
13. As indicated in Article 212 of Regulation 2024/2509, repayable instruments shall be deemed consistent with EU State aid rules.

Article 22

[Support to scaleups and startups, accompanied by related recitals]

Article 23

Exclusivity clause

1. During the effective period of this Regulation, the Union shall establish budgetary guarantees, financial instruments, or financial instruments directly implemented by the Commission in accordance with Article 219 of the Financial Regulation (to support policy objectives on the territory of the Union) solely under Chapter 2, Section 2 of this Regulation .
2. The budgetary guarantee and financial instruments may also be used, [within the maximum amount(s) referred to in Article 21(3)], to provide support under other Union programmes, including Union programmes financed from sources other than the Union budget, such as the EU ETS Innovation Fund, in accordance with the general objectives set out in article 3 of this Regulation or the objectives and eligibility criteria set out in those programmes.
3. Contributions to the budgetary guarantee made in accordance with Article [5] and 24(3) shall increase the maximum amount of the budgetary guarantee in accordance with the last subparagraph of Article 221(2) of Regulation (EU, Euratom) 2024/2509.

Article 24

EU Compartment and Member States Compartment

1. The ECF InvestEU Instrument shall consist of an EU Compartment and a Member State Compartment.
2. Amounts allocated by a Member State pursuant to the provisions of the [national envelopes link] delivered through the ECF InvestEU Instrument shall be used for the provisioning for the part of the budgetary guarantee or the amount of financial instrument under the Member State Compartment covering financing and investment operations in the Member State concerned or for the possible contribution to the Project Advisory.
3. The budgetary guarantee under the ECF Investment Instrument may be increased in accordance with Article 5, notably:
 - (a) in the form of cash or guarantees by Member States or EEA States in accordance with this Article;
 - (b) through contributions from third countries, which may be provided fully in cash in accordance with Article 221(2) of Regulation (EU, Euratom) 2024/2509, or, by derogation from that Article, partially in cash if duly justified;
 - (c) through contributions from other EU programmes, as set out in Article 21(6).

Article 25

[Empowerment for the adoption of Investment Guidelines]

1. [The Commission is empowered to adopt delegated acts in accordance with Article 76 in order to supplement this Regulation by defining the investment guidelines for ECF InvestEU Instrument under each of the policy windows. The investment

guidelines shall be prepared in close dialogue with the InvestEU Regulation implementing partners.]

Article 26

Community of implementing partners

1. The Commission and the EIB Group shall form a partnership under this Regulation with the objective of supporting the implementation of the ECF InvestEU Instrument and fostering consistency, inclusivity, additionality, and efficient deployment.
2. By way of derogation from Article 211(5) of Regulation (EU, Euratom) 2024/2509, and subject to Article 10 of this Regulation, the implementation of a budgetary guarantee or financial instrument, including when combined with non-repayable support in a blending operation, may be entrusted to any entity referred to in Article 62(1), point (c) of Regulation (EU, Euratom) 2024/2509.
3. In addition to Article 62(1), point (c), and Article 211 (5) of Regulation (EU Euratom) 2024/2029, bodies established in a Member State, governed by the private law of a Member State or Union law may also be exceptionally entrusted with the implementation of a budgetary guarantee or financial instrument, including when combined with non-repayable support in a blending operation, to the extent that such bodies are provided with adequate financial guarantees which may be, for each action, limited to the maximum amount of the Union support. Those private law bodies shall be selected with due account to the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity of those bodies, and their rules and procedures for verifying the economic viability of projects of final recipients. The selection shall be transparent, justified on objective grounds and shall not give rise to a conflict of interests.
4. [Implementing partners under EU Regulation (EU) 2021/523 shall not be required to enter into a new guarantee agreement under the ECF InvestEU Instrument, but may implement the ECF InvestEU Instrument based on the guarantee agreements under EU Regulation (EU) 2021/523, which may be amended to extend their application under this Regulation.]

Chapter III

Project Advisory, SME Collaboration and Access to Funding

SECTION 1

PROJECT ADVISORY

Article 27

Project Advisory

1. The Project Advisory shall be made available for repayable and non-repayable instruments. Actions and activities supported under this chapter shall contribute to the general objectives set out in Article 3(1) and shall support and complement, where relevant, activities under the other chapters.

2. Support for actions under this chapter shall be financed from the budget set out in the combination of Article 4 with Article 21 and any additional contributions assigned in accordance with Article 5.
3. Under the ECF, a centralised access to advisory and business acceleration services shall be provided, which may include:
 - (a) investment advisory services, including market development activities and advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects, and for enhancing the capacity of project promoters and financial intermediaries to implement financing and investment operations. Such support may cover any stage of the life cycle of a project or financing of a supported entity; and
 - (b) business coaching and acceleration services targeting potential ECF beneficiaries and other project promoters, including SMEs and mid-caps, start-ups and scale-ups, supporting and facilitating their access to ECF funding and financing, and facilitating matchmaking with private investors.
4. Project advisory shall, in particular, support the generation of project pipelines and the development of potential investment projects under the ECF InvestEU Instrument and contribute to their further development. It will also cooperate with industrial alliances and European clusters. Project advisory shall be available under each policy window referred to in Article 3, covering sectors under that window. In addition, advisory support may cover cross-cutting actions.
5. The Commission may conclude advisory agreements with the EIB Group and other selected advisory partners and service providers. The Commission and the advisory partners, including the EIB Group, shall cooperate closely with a view to ensuring efficiency, synergies and effective geographic coverage across the Union, while taking account of existing structures and work.
6. Irrespective of the instrument of budget implementation for the acquisition or provision of advisory services, providers and recipients of the services shall be selected in accordance with the principles of transparency and equal treatment, avoidance of conflict of interest, including conflicting professional interests.
7. When implementing the Project Advisory, the Commission, its advisory partners and other service providers shall, when appropriate, collaborate with other Union or national public or private advisory and support service providers, including Knowledge and Innovation Communities, the EU for Business Network, European Digital Innovation Hubs and National Contact Points.

SECTION 2

SME COLLABORATION

Article 28

EU Business Network

1. An “EU for business” network may be established under the ECF to help European businesses become more competitive and innovate, grow and scale in the Single Market and beyond, with a particular emphasis on SMEs, startups, scaleups and small mid-caps.

Article 29

Business support

1. The ECF may conduct cross-cutting activities focused on strengthening the competitiveness of the SMEs and achieve additionality at Union level, including through the following measures:
 - (a) Provide integrated business advice and support to companies;
 - (b) Provide partnering opportunities and capacity building;
 - (c) Include support and assistance for access to infrastructure and facilities support market uptake of innovation and support business support organisations, SMEs and small midcaps, including startups and scaleups, to participate in collaborative platforms and sectors;
 - (d) promote business understanding of EU policies, obtain feedback on their effectiveness;
 - (e) increase the access and the availability of finance for SMEs and for small midcap companies;
 - (f) facilitate access to markets including through support to the internationalisation of SMEs and provision of market intelligence;
 - (g) improve the business environment for SMEs and promote new business opportunities for SMEs by supporting among others intellectual property valorisation, standard setting and public procurement;
 - (h) promote entrepreneurship, including women and youth entrepreneurship and the acquisition of entrepreneurial and business skills.

Article 30

Dedicated SME Actions to increase SME participation

1. The activities implemented under the policy windows referred to in Article 3.2 may include dedicated, sector-specific actions targeting start-ups, SMEs and small mid-caps or calls for SMEs in strategic sectors with a view to fostering SME innovation, business acceleration, commercialisation and scaling-up.

SECTION 3

BENEFICIARY SERVICE DESK

Article 31

Access to Union funding

1. In accordance with Article 150 of Regulation (EU, Euratom) 2024/2509, the ECF shall contribute to the maintenance and extension of the single electronic data interchange area for participants to ensure simplified access to Union funding. That shall be irrespective of the mode or instrument of budget implementation and including advisory and business acceleration services and supporting a single gateway for access to Union support in accordance with [reference to the Performance Regulation].

2. The ECF may also support any additional activities to facilitate and accelerate access to Union funding, and other funding, financing and investments.

Article 32

Monitoring and reporting

1. [Placeholder in relation to the performance regulation]
2. [[placeholder for non-repayable support, as necessary, to be filled in by policy DGs]
3. Indicators to report on the progress of the ECF InvestEU Instrument towards the achievement of its objectives are set out in this Article. The performance of the ECF InvestEU Instrument will be based on one single intervention field: “Support via financial instruments and budgetary guarantees”.
4. The ECF InvestEU Instrument shall have the following horizontal key performance and monitoring indicators:
 - (a) volume of EU Contribution signed in agreements with implementing partners;
 - (b) number of operations supported by implementing partners;
 - (c) amount of financing supported per country and region;
 - (d) amount of investment mobilised;
 - (e) amount of private finance mobilised;
 - (f) leverage and multiplier effects achieved;
 - (g) amount of financing supported per country and region;
 - (h) number of jobs created or supported;
 - (i) Number of enterprises supported.
5. The application of any other policy-related indicators shall consider the principles of proportionality and simplification and shall not exceed 10 indicators [from those defined in the Performance Regulation].
6. For the actions in Article 27, number of engagements to provide advisory support, by sector and Member State, shall be provided.

Article 33

Application of Do No Significant Harm principle

1. Financing and investment operations shall be screened to determine where feasible and appropriate and by taking proportionality principle into account whether they have an environmental, climate or social impact, in accordance with Article 33(2), point (d) of Regulation (EU, Euratom) 2024/2509 and Article 4(3) of the Performance Regulation. To this end, the sustainable-proofing approach as defined in [InvestEU Regulation] or equivalent will be presumed compliant with the DNSH principle.

Article 34

Time to access Union funding

1. The implementing acts of the actions in this Regulation may set the maximum delays allowed for the implementation of the said actions.

Chapter IV

Support for Clean Transition and Industrial Decarbonisation

Article 35

Subject matter

1. Actions supported under this chapter shall contribute to the general objectives set out Article 3, paragraph 1 and the specific objectives set out in Article 3(2), point (a).
2. Support for actions under this chapter shall be financed from the budget set out in Article 4 and any additional contributions assigned in accordance with Article 5.

Article 36

Specific activities to support clean transition and industrial decarbonisation policies

1. Support for clean transition, green industry, energy, transport policy shall be implemented in particular through the following activities:
 - (a) "LIFE activities": providing support to bottom-up projects for the demonstration and testing of innovative solutions and best practices; awareness raising and support to relevant governance at all levels, including by enhancing private and public stakeholder involvement, capacity-building, communication and awareness; as well as support of the preparation, implementation and mainstreaming of environmental, climate or relevant legislation and policies of the Union;
 - (b) Energy efficiency, storage, integrated renewable energy, energy renovations, and heating and cooling innovative solutions, systems and services;
 - (c) Clean energy supply and transport infrastructures, in close synergy with the support provided under the Connecting Europe Facility (CEF);
 - (d) Production, distribution and uptake of sustainable fuels, facilitating the decarbonisation of mobility;
 - (e) Clean, digitilised, and dual-use transport and mobility, including ,mobile assets (e.g vehicles, vessels, aircrafts, rolling stocks) ;
 - (f) clean and decarbonised solutions in industry, including energy intensive industries, and buildings;
 - (g) clean tech manufacturing and its supply chain, including through financial support to Strategic Projects under the Net Zero Industrial Act;
 - (h) Circular Economy, water efficiency, and Environmental policy, including solutions to protect, restore and improve the quality of the environment, including the air, water and soil, and to halt and reverse biodiversity loss and to tackle the degradation of ecosystem
 - (i) climate and water resilience;

- (j) Investment, innovation, and modernisation in sustainable blue economy sectors such as shipbuilding, offshore energy, and blue tech and preserving ecosystems.
 - (k) Sustainability and clean transition of SMEs, including in tourism, construction and other economic sectors ;
 - (l) Market uptake, capacity building and skills development (for example NetZero Industry Academies) for clean energy transition and energy demand side activities in cities, communities, and buildings, .
 - (m) Energy system modernisation and integration by supporting its digitalization, including via AI powered solutions, development and uptake of smart energy systems, transmission and distribution, and enhanced flexibility through demand response and storage, as far as not covered by the Connecting Europe Facility (CEF);
 - (n) ensuring the Union's access to a secure and sustainable supply of net-zero technologies, as defined in Regulation (EU) 2024/1735, including by scaling up the manufacturing capacity of net-zero technologies and their supply chains, and by ramping up of existing production lines;
 - (o) support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy.
2. Support provided through the activities referred to in paragraph 1, may be provided in any form, including through collaborative research and innovation activities set out in the Framework Programme for Research and Innovation [REF] and identified in a specific dedicated part of the Work Programme.

Article 37

Complementary rules

1. For activities supporting Coordination and Support Actions in the area of energy efficiency and clean energy transition, Union support may cover up to 100 % of the eligible costs, without prejudice to the co-financing principle.
2. By way of derogation from Article 184(6) of the Financial Regulation, for activities supporting Coordination and Support Actions in the area of energy efficiency and clean energy transition, the authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 25 % total eligible direct costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.
3. Work programmes shall ensure coherence with the types of actions planned to be implemented under the Fund referred to in Article 10a(8) of Directive 2003/87/EC and the [reference Connecting Europe Facility] .
4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme].

Competitive bidding mechanisms

1. Award procedures under this chapter may take the form of competitive bidding. That includes contracts for difference, carbon contracts for difference, or fixed premium contracts to support decarbonisation technologies for which the carbon price might not be a sufficient incentive, provided that the financial interests of the Union are protected and the exposure of the budget remains limited to a maximum contribution. Competitive bidding procedures may be implemented through, and in accordance with, any of the budget implementation instruments set out in Article 11, paragraph 4.

CHAPTER V

SUPPORT FOR HEALTH, BIOTECH AND BIOECONOMY

Specific provisions for support to health, biotech and bioeconomy policies

1. Actions supported under this chapter shall contribute to the general objectives set out in paragraph 1 of Article 3 and the specific objectives set out in point (b) of Article 3(2).
2. Support for actions under this chapter shall be financed from the budget set out in Article 4(2), point (c), and any additional contributions assigned in accordance with Article 5.

Specific Activities

1. Support for Health, Bioeconomy and Biotech policy shall be implemented in particular through the following activities:
 - (a) Improving and protecting health, including cross-border health, by prioritising health promotion and disease prevention across the life course through a health-in-all policies approach, with a special emphasis on communicable and non communicable diseases, including mental health, degenerative health, autism, cardiovascular diseases, cancer and other non-communicable diseases, including those related to pollution, and enhancing international health initiatives and cooperation;
 - (b) Strengthening the efficiency and resilience of health systems by reinforcing access, use and re-use of health data and digital tools, infrastructures and services, including to support the European Health Data Space, deployment of Artificial Intelligence based solutions in healthcare, advancing the digital transformation of healthcare, and improve the cyber-security and cyber-resilience of the sector, enhancing access to healthcare services, with particular focus on healthcare workforce, developing and implementing Union health legislation, also by use of digital technologies, promoting evidence-based decision-making, (including by supporting Health technology Assessment), providing digital solutions for monitoring and coordinating and encouraging integrated work among national health systems to ensure coherence and efficiency across the Union;

- (c) Fostering the development and industrial deployment of health and bioeconomy technologies, to increase the competitiveness of the sector, and ensure availability of Union medicinal products, medical devices, digital solutions and crisis-relevant products and the competitiveness and resilience of the sectors by ensuring that such products are innovative, safe, accessible, available, and affordable, thereby promoting equitable access across all Member States;
 - (d) Protecting people by fostering health security solutions for the prevention of, preparedness for and response to cross-border health threats; coordination of EU and national PPR planning; .
 - (e) Fostering an innovative and competitive bioeconomy sector in the EU, including in the areas of health biotech, biobased materials and products, carbon negative products, biomanufacturing and biochemicals, in particular by supporting the discovery, development, derisking, demonstration, piloting, and scaling-up of bioeconomy innovations and by making use of biotechnology; by accelerating the market introduction and market uptake of bioeconomy solutions; by strengthening emerging value chains; by providing access to finance and other support for SMEs, startups, scale ups and innovators a.;
 - (f) Fostering the competitiveness, the sustainability, the resilience and fairness of agriculture, fisheries, aquaculture, forestry sectors and rural and coastal areas, and contribute to long term food security in the EU. ;
2. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme].

CHAPTER VI

SUPPORT FOR DIGITAL LEADERSHIP

Article 41

Specific provisions for support to digital leadership policy

- 1. Actions supported under this chapter shall contribute to the general objectives set out in paragraph 1 of Article 3 and the specific objectives set out in point (c) of Article 3(2).
- 2. Support for actions under this chapter shall be financed from the budget set out in Article 4(2), point (d), and any additional contributions assigned in accordance with Article 5.

Article 42

Specific activities to support digital leadership policy

- 1. Support for digital leadership shall address, in a comprehensive and coherent manner, the entire scope of the digital sector, such as Artificial Intelligence, (including AI Factories and Gigafactories),, high performance computing, quantum technologies, semiconductors, telco-edge and cloud technologies, 6G and other wireless technologies, submarine cables, cybersecurity and network resilience, software engineering,, augmented reality and virtual worlds, digital twins, wallet and

trust technologies and services robotics, new and emerging digital technologies and priorities as well as cross-cutting digital priorities and cross-sectoral projects, including those with dual-use potential.

2. Support for digital leadership shall be implemented in particular through the following activities:
 - (a) Achieving leadership in digital and AI technologies through applied research, technology transfer and research and innovation, industrial deployment and market uptake... The implementation shall include, but not be limited to, developing and shaping sustainable core digital technologies that reflect Union values, safeguard the Union's security and foster its competitiveness globally;
 - (b) Achieving technological sovereignty by building resilient digital ecosystems, including advanced digital skills, and ensuring a high-level of cybersecurity in the Union. The implementation shall include, but not be limited to, creating an attractive ecosystem for disruptive innovative companies, SMEs and emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets and contributing to the Union's digital sovereignty, with a focus on addressing the complexity of the technological value chains, standardisation, the security of supply of advanced digital technologies and services, needed capacities and advanced digital skills both in the private and public sectors;
 - (c) Enabling the power of digital for businesses and citizens by deploying state-of-the-art and sustainable digital applications, infrastructures and services across the Union. The implementation shall include, but not be limited to, actions to deploy advanced digital infrastructures at scale across the Union (e.g. high-performance computing, telco-cloud-edge, AI Factories and Gigafactories, data spaces, semiconductor, photonics and quantum chips pilot lines, quantum computing, communication and sensing infrastructures, cybersecurity hubs, European Digital Innovation Hubs, submarine cables, wallet and trust technologies and services, secure and interoperable digital public infrastructure) to act as a key enabler of the digital transformation, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and shall otherwise exploit untapped potential to create a domestic market for advanced digital technologies 'made in Europe'. Such actions may be provided under the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia.
 - (d) Supporting the Union's digital transformation of public and private sectors, including to support the circulation of skills. The implementation shall include, but not be limited to, providing the necessary support to accelerating and deepening the uptake and deployment of digital solutions across economic sectors, including the transport sector through research, innovation and deployment, to boost their productivity and competitiveness, with a focus on more complex technologies, as well as to achieve societal benefits. Support to the digitalisation of the public sector shall aim at ensuring a cohesive EU-wide interoperable digital public services landscape, maximising their efficiency for businesses and citizens. The digital transformation of economic and public sectors shall also be supported by the other sectoral windows of the ECF.;

- (e) support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy.
 - (f) support a cohesive EU-wide interoperable digital public services landscape, maximise their efficiency for businesses, strengthen public- private cooperation
3. Activities under this Section shall support the development, deployment and procurement of advanced cybersecurity capacities, infrastructures, technologies and capabilities, with a view to ensure the security of critical infrastructures & digital supply chains, develop an EU situational picture of the threat landscape as well as improve detection capacities and incident response capabilities; supporting the competitiveness of the EU cybersecurity industrial base, cybersecurity skills development together with the cyber maturity of the European industrial basis, including SMEs.
 4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme].

CHAPTER VII

SUPPORT FOR RESILIENCE, DEFENCE INDUSTRY AND SPACE

Article 43

Subject matter

1. ECF shall contribute to the general objectives set out in paragraph 1 of Article 3 and the specific objectives set out in point (d) of Article 3(2).
2. Support for actions under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.

SECTION 1

SUPPORT FOR RESILIENCE POLICY

Article 44

Specific activities to support resilience policies

1. Support to Resilience policy shall reinforce the strategic autonomy and the resilience of the Union industry by strengthening the different stages of the raw materials value chain, including through diversification of the supply of critical raw materials from third countries, and by providing support to advanced manufacturing.
2. Support for resilience policy shall be implemented in particular through the following activities:
 - (a) critical raw materials, including support for the strengthening of the EU capacity in exploration, extraction, processing and recycling of raw materials, including through financial support to Strategic Projects under the Critical Raw Materials Act,

- stockpiling and purchasing of raw materials, in line with economic security needs and the green and digital transition objectives;
- (b) financial support to Strategic Projects under the Critical Raw Materials Act, in line with economic security needs and the green and digital transition objectives;
 - (c) advanced manufacturing;
 - (d) support provided through the activities referred to in paragraph 1, may be provided in any form, including through collaborative research and innovation activities set out in the Framework Programme for Research and Innovation [REF] and identified in a specific dedicated part of the Work Programme.
3. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme]

Article 45

Complementary rules

1. Strategic projects under CRMA will apply the rules in [accelerated interventions].

SECTION 2

SUPPORT FOR DEFENCE INDUSTRY POLICY

Article 46

Specific activities to support defence industry policy

1. Support for defence industry policy shall be implemented in particular through the following activities:
- (a) Support to the deployment of European Defence Projects of Common Interest: to reinforce the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States' military capabilities and systems of common interest and/or use, including those securing access to all operational domains notably through any of the activities supported under this Article;
 - (b) Defence R&D, Innovation and Technological Superiority: to stimulate and accelerate the research, development, and maturation of cutting-edge and disruptive defence technologies and products, ensuring the Union's defence industry technological edge and level playing field on the global market, and fostering a dynamic innovation ecosystem, with a particular focus on entrepreneurship, start-ups, SMEs and mid-caps;
 - (c) EDTIB Responsiveness, Industrial Scale-Up, and Resilience: to enhance responsiveness and resilience of the European Defence Technological and Industrial Base (EDTIB), enabling it to develop, produce, and sustain critical defence production capacity/capabilities at the necessary scale and speed, including through supporting the industrial scale-up of innovative companies;

- (d) Collaborative Defence Procurement, Maintenance and Availability: to increase cooperation among Member States and associated countries in joint capability development, procurement, maintenance and availability of defence capabilities, thereby reducing fragmentation and enhancing interoperability, achieving economies of scale, ensuring faster access to needed equipment, and strengthening collective defence readiness;
 - (e) Military Logistics Enablement and Support: Enhance military mobility in the EU by facilitating, enabling and supporting military movements and access to military mobility capabilities, including, through the pooling and sharing of military mobility assets, and in coherence with [reference to military mobility under CEF];
 - (f) Support to Strategic Partners and their Defence Industrial Ecosystems, including acceding, candidate and potential candidates, with a particular focus on Ukraine's industry integration in the European Defence Technological and Industrial Base.
2. Support to new entrants, innovative start-ups, SMEs and scale-ups will be tailor-made across the activities listed in article 29(1) to ensure speed, flexibility and agility. It will take the form of a dedicated programme EU Defence Innovation Scheme (EUDIS), that will include innovative and scalable activities, including in support to single entities, such as: matchmaking events and business coaching for innovators, agile funding mechanisms, challenges, hackathons, support to innovative procurement, iterative upgrade procurement models for rapidly evolving systems and any other actions for faster innovation cycles and technology integration, validation and experimentation.
 3. The activities referred to in paragraph 1 may in particular support EDPCIs and SEAPs.
 4. Support provided through the activities referred to in paragraphs 1 and 2,1, may be provided in any form, including through collaborative research and innovation activities support to single entities and financial instruments.

Article 47

Complementary grant rules

1. In addition to fulfilling any conditions of eligibility provided under Article 12 of this Regulation, the work programme shall at least set out the following restrictions for Union support in accordance with Article 136 of Regulation (EU, Euratom) 2024/2509:
 - (a) recipients shall have their executive management structures in the Union or in an associated country;
 - (b) recipients shall not be owned and controlled by ineligible entities;
2. By derogation from paragraph 1, the work programme may specify that the restrictions set out in points [(b) and (c)] of that paragraph do not apply for recipients that can prove an equivalent level of protection of the Union's security and public order interests, such as:
 - (a) adequate guarantees approved in accordance with the national procedures of a Member State or associated country in which it is established;
 - (b) adequate mitigation measures pursuant to screenings, as defined in Article 2, point (3), of Regulation (EU) 2019/452 ;

- (c) The work programmes or the documents related to the award procedure shall set out further details on the application of these exceptions.
3. In accordance with Article 136 of Regulation (EU, Euratom) 2024/2509, unless in certain duly substantiated and exceptional circumstances to be defined in the work programme or the documents related to the award procedure, the infrastructure, facilities, assets and resources of the recipients of Union funding involved in an action which are used for the purposes of that action shall be located on the territory of a Member State or of an associated country. Where appropriate, the work programmes may set out conditional exceptions to this rule.
4. The results of actions referred to in points (a) and (b) of Article 29(1) and in Article 29(2), as well as the products or technologies stemming from these actions, shall not be subject to any control or restriction by a non-associated third country or by a non-associated third-country entity, directly, or indirectly through one or more intermediate legal entities, including in terms of technology transfer.
5. For actions referred to in points (a), (c) and (d) of Article 29(1), Recipients and contractors shall have the ability to decide, without restrictions imposed by third countries or by third-country entities, on the definition, adaptation and evolution of the design of the defence product procured or the manufacturing capacities of which is supported, including the legal authority to substitute or remove components that are subject to restrictions imposed by third countries or by third-country entities.
6. Except for actions referred to in Article 29(2) or unless specified otherwise in the work programmes, Union support shall only be granted to actions carried out by legal entities cooperating within a consortium of at least three eligible legal entities which are established in at least three different Member States or associated countries. At least three of those eligible legal entities established in at least two different Member States or associated countries shall not, during the entire period in which the action is carried out, be controlled, directly or indirectly, by the same legal entity and shall not control each other.
7. For actions referred to in point (e) of Article 29(1), products which enable or enhance the movement, transportation, or deployment of military personnel, equipment, or their supply, purchased by a Member State or jointly purchased by several Member States shall be registered in the Military Mobility Solidarity Pool for the purpose of making that product available in accordance with [Article(s) XX of the future Military Mobility Regulation].
8. By way of derogation from Article 184(6) of the Financial Regulation, for actions referred to in point (a) and (b) of [Article 29(1)], the authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 25 % total eligible direct costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.
9. As specified in the work programmes, proposals for actions shall be assessed in the light of:
- (a) The quality and efficiency of the implementation of the action.
- (b) The objectives, priorities and the expected results set for the relevant action, in particular through the evaluation of one or more of the following criteria as specified in the work programmes: (i) contribution to excellence in the defence domain, (ii) innovation capacities, (iii) cross-border cooperation, (iv) competitiveness, (v)

increase in production capacities and availability, (vi) reduction of lead production time, (v) increase in interoperability, and (vii) increase in interchangeability.

10. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, the evaluation committee may be assisted by independent external experts holding valid personal security clearance, if required by the work programme. By way of derogation from Article 242 of the Regulation (EU, Euratom) 2024/2509, the list of independent experts shall not be made public.
11. Proposals for actions referred to in point (b) of [Article 29(1) and in Article 29(2)] shall comply with ethical principles and include an ethics self-assessment. Proposals identified as raising serious ethical issues in the context of the Commission's ethics screening shall be subject to an ethics assessment conducted by the Commission, with the support of independent ethics experts where appropriate. The work programmes or grant agreements may lay down specific ethical requirements or conditions for carrying out certain actions. Actions shall not be funded or shall be terminated if they are deemed ethically unacceptable or contravene the prohibitions set out in Article 12(4).

Article 48

Ownership of results

1. Where Union support is provided in the form of public procurement, results of actions supported by the Programme shall be owned by the Union. Member States and associated countries shall enjoy access rights to the results upon request, for governmental use and free of charge.
2. Where Union support is provided in the form of a grant, Union institutions, bodies, offices or agencies as well as contracting authorities shall enjoy upon request royalty-free access rights to results for the purpose of developing, implementing and monitoring existing Union policies or programmes in the fields of its competence and the right to grant, or to require the recipients to grant, non-exclusive licenses to third parties to exploit the results under fair and reasonable conditions without any right to sublicense unless otherwise specified in the grant agreement.
3. Without prejudice to applicable export control rules under Member States and associated countries responsibility:
 - (a) The national authorities of Member States and associated countries shall enjoy access rights to the special reports of activities funded under Art. 29(1)(b). Such access rights shall be granted on a royalty-free basis and transferred by the Commission to the Member States and associated countries after the Commission has ensured that appropriate confidentiality obligations are in place.
 - (b) The national authorities of Member States and associated countries shall use the special report solely for purposes related to the use by or for their armed forces, or security or intelligence forces, including within the framework of their cooperative programmes. Such use shall include study, evaluation, assessment, research, design, product acceptance and certification, operation, training and disposal, as well as the assessment and drafting of technical requirements for procurement.
 - (c) Where two or more Member States or associated countries have, multilaterally or within the framework of the Union, jointly concluded one or several contracts with one or more recipients to further develop together results of activities supported by

the Fund under Art. 29(1)(b), they shall enjoy access rights to those results insofar as they are owned by such recipients and are necessary for the execution of the contract or contracts. Such access rights shall be granted on a royalty-free basis and under specific conditions aiming to ensure that those rights are used only for the purposes of the contract or contracts and that appropriate confidentiality obligations are put in place.;

- (d) For actions supporting development of defence technologies and capabilities, access rights to the results of development actions shall be granted to the national authorities co-financing the action under fair and reasonable conditions to be agreed upon with the recipients generating those results. Terms and conditions for the exercise of such access rights shall be defined in the contractual relationship between the recipients and the national authorities co-financing the action. In addition, Member States and associated countries that do not co-finance the action shall enjoy access rights to special reports upon request, also with a view to join at a later stage under fair and reasonable conditions. Such access rights shall be granted on a royalty-free basis after the Commission has ensured that appropriate confidentiality obligations are in place;
 - (e) For actions supporting defence industrial reinforcement, scale-up, or the establishment of strategic production capacities, the Commission shall be allowed to provide the Member States and associated countries with the relevant action documentation upon request in order to avoid double funding of the same costs;
 - (f) Where the Union supports common procurement of defence products, participating Member States and associated countries shall make a relevant set of information, such as main characteristics, performances, unit costs and delivery times, available to other Member States and associated countries upon request to allow them to join the procurement at a later stage under fair and reasonable conditions.
 - (g) Such access rights shall include the right to authorise other legal entities established in the Union or associated countries to use the results on their behalf, under conditions of confidentiality where appropriate.
4. Any transfer of ownership of results, or the granting of exclusive licences for results, generated with support to legal entities established in non-associated third countries or to non-associated third-country entities shall be subject to prior notification and approval by the Commission or the relevant Member State or associated country authorities, which takes place within 3 years after the final payment of the action, under conditions ensuring the protection of the Union's security and defence interests.

Article 49

Additional rules on classified information

- 1. Each Member State and associated country shall ensure that it offers a degree of protection of EU classified information equivalent to that provided by the security rules of the Council set out in Council Decision 2013/488/EU.
- 2. The Commission shall protect classified information in accordance with the security rules set out in Decision (EU, Euratom) 2015/444.
- 3. Natural persons who are resident in and legal persons that are established in a third country may handle EU classified information regarding the Programme only where

they are subject, in those countries, to security regulations ensuring a degree of protection at least equivalent to that provided by the security rules of the Commission and of the Council, as set out in Decision (EU, Euratom) 2015/444 and Decision 2013/488/EU, respectively.

4. The equivalence of the security regulations applied in a third country or by an international organisation shall be laid down in a security of information agreement, including industrial security matters if relevant, concluded or to be concluded between the Union and that third country or international organisation in accordance with the procedure provided for in Article 218 TFEU and taking into account Article 13 of Decision 2013/488/EU.
5. Without prejudice to Article 13 of Decision 2013/488/EU and to the rules governing the field of industrial security set out in Decision (EU, Euratom) 2015/444, a natural or legal person, third country or international organisation may be given access to EU classified information where considered to be necessary on a case-by-case basis, according to the nature and content of such information, the recipient's need to know and the degree of advantage to the Union.
6. When actions involve, require or contain classified information, the relevant funding body shall specify in the documents concerning the call for proposals or tenders the measures and requirements necessary to ensure the security of such information at the requisite level.
7. The Commission shall set up a secured exchange system in order to facilitate the exchange of sensitive information, including classified information, between the Commission and the Member States and associated countries and, where appropriate, with the applicants and the recipients. That system shall take into account the Member States' national security regulations.
8. The security framework to ensure the appropriate protection of classified foreground information generated in carrying out in an action funded under this Chapter shall be established in accordance with Decision (EU, Euratom) 2015/444 and implementing rules, with the assistance of security experts appointed by the Member States and associated countries on whose territory the beneficiaries are established. The Member States and associated countries, in the framework of the works of the Commission Security Expert Group (COMSEG), shall provide the Commission with a jointly agreed security classification guide. If no such specific jointly agreed security classification guide is set up by the Member States and associated countries, the Commission shall set up the security framework for the action in accordance with the applicable Commission security provisions. The classified foreground information generated in carrying out in an action funded under this Chapter shall not be disseminated further without a certified "need to know" agreed by the participating Member States and associated countries. The applicable security framework for the action shall in any event be put in place before the signature of the funding agreement.

SECTION 3

SUPPORT FOR SPACE POLICY

Article 50

Specific provisions for support to space policy

1. Actions supported under this section shall contribute to the general objectives set out in paragraph 1 of Article 3 and the specific objectives set out in point (e) of Article 3(2).
2. Support for actions under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.

Article 51

Specific activities and components

1. Support for space policy shall be implemented in particular through the following components:
 - (a) Positioning, Navigation & Timing (PNT) including Galileo and EGNOS
 - (b) Earth Observation (EO) including Copernicus and Earth Observation Governmental service (EOGS)
 - (c) Secure connectivity
 - (d) Space Situational Awareness (SSA), including Space Surveillance and Tracking (SST), Space Weather Events (SWE), and Near Earth Objects (NEO) sub-components
 - (e) Access to space
 - (f) Cassini and commercialisation
 - (g) technological sovereignty and innovation.
2. Work programmes adopted in accordance with the rules of this Regulation under this section shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme].

Article 52

Positioning, Navigation & Timing (PNT)

1. The Positioning, Navigation & Timing (PNT) components (Galileo, EGNOS) supported under this section shall provide long-term, state-of-the-art and secure positioning, navigation and timing services, without interruption including in adverse conditions, and wherever possible at global level, and be able to support the Union's political priorities.
2. The exploitation of the Union PNT infrastructure shall cover at least the management, operation, maintenance, continuous improvement and protection of space-and ground infrastructure and services provided; the evolution of the PNT

services and the development and deployment of future generations of the systems ; including for Low Earth Orbits (LEO-PNT); the research and development activities supporting the modernization of the infrastructure ('upstream R&D') and the development of applications, user technology, standardisation and certification ('downstream R&D'); the cooperation with other regional or global satellite navigation systems, including to facilitate compatibility and interoperability and the promotion of the role of the Union as a global actor in the space sector, encourage international cooperation, and support European space diplomacy.

3. The services provided by the Union's PNT infrastructure shall in particular cover:
 - (a) an open service for use by consumers;
 - (b) a high-accuracy service for professional or commercial use;
 - (c) authentication services for professional or commercial use;
 - (d) a public regulated service restricted to government-authorised users;
 - (e) a multi-hazard emergency warning service;
 - (f) a timing service;
 - (g) a space navigation service for use by operators of space assets;
 - (h) a global stand-alone search and rescue service, including for governmental users, integrating return communication capabilities to support rescue operation;
 - (i) a safety of life services for users for whom safety is essential, including civil aviation, maritime and other transport applications;
 - (j) a data dissemination service;
 - (k) radio-frequency interference monitoring services for different authorised user s communities;
 - (l) a contribution to complementary PNT services, which shall increase the resilience in case of disruptions to the services provided by the Union PNT infrastructure.

Article 53

Earth Observation

1. Earth Observation (EO) under this section shall consist of Copernicus, as the civil sub-component, and the Earth Observation Governmental Service (EOGS), as the governmental sub-component.
2. Copernicus is an operational, autonomous, user-driven, civil Earth observation system under civil control, building on the existing national and European capacities. It shall offer geo-information data and services, comprising satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure, based on a free, full and open data policy and, where appropriate, integrating the needs and requirements of security. Copernicus shall also support the formulation, implementation and monitoring of the Union's and its Member States' policies in particular in the fields of environment, climate change, marine, maritime, atmosphere, agriculture and rural development, preservation of cultural heritage, civil protection, infrastructure monitoring, safety and security, as well as digital economy. It shall also support research and technological development. To ensure its

continuity and evolution, and meet the evolving users' needs. To this purpose, Copernicus shall in particular cover the following elements:

- (a) Data acquisition, including development and operations of the Copernicus Sentinels, access to third-party space-based Earth observation data and services, and access to in-situ and other ancillary data;
- (b) Data and information processing through Copernicus Services, including environmental monitoring on a global level for land, climate change, atmosphere and marine environments; emergency management services; prevention and preparedness services; security services within the Union; including maritime surveillance and border monitoring; support to Union external action and Common Foreign and Security Policy;
- (c) Data access and distribution, including infrastructure and services to ensure the discovery, viewing, access to, distribution and exploitation and long-term preservation of Copernicus data and Copernicus information, in a user-friendly manner;
- (d) User uptake, market development and capacity building, including promotion of Copernicus data and services, downstream applications and their development at all levels to maximise socio-economic benefits, as well as the collection and analysis of Copernicus users' needs.
- (e) Research and development activities supporting the evolution of Copernicus, including its Services, and downstream R&D for applications and user technology for the uptake of EO services
- (f) EOGS shall provide enhanced situational awareness in support of preparedness, decision-making and the action of the EU and Member States in the fields of security and defence. EOGS shall in particular comprise satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure. It shall provide secure, reliable, timely, persistent and targeted space-based Earth observation data, reinforcing existing and planned capabilities. It shall complement and build on existing capabilities provided through the European Union Satellite Centre, and support the provision of the Copernicus Services, in particular for civil protection and security. It shall also support research and technological development. EOGS shall in particular cover the following elements:
 - (g) Data acquisition, including, development and operations of new Earth-observation space missions designed for sensitive governmental applications; access to complementary third-party space-based Earth observation data; access to in-situ and other ancillary data;
 - (h) Data and information processing through EOGS Services, which may include activities for the generation of value-added geo-spatial information restricted to government-authorised users for sensitive situational awareness applications, in support of preparedness, decision-making in the fields of security and defence;
 - (i) Data access and distribution, which shall include infrastructure and services to ensure the access to, distribution and exploitation and long-term preservation of EOGS data and information, in a secure manner.
 - (j) Research and development activities supporting EOGS, including its Services.

Article 54

Secure Connectivity

1. The scope of the secure connectivity component shall in particular be:
 - (a) ensuring the long-term availability of reliable, secure and cost-effective governmental services;
 - (b) enabling commercial services;
 - (c) enabling, where possible, the development of communication and additional non-communication services, in particular by improving activities and components under this section, creating synergies between them and expanding their capabilities and services, as well as the development of non-communication services to be provided to Member States, by hosting additional satellite subsystems, including payloads;
 - (d) improving secure connectivity over geographical areas of strategic interest such as Africa and the Arctic as well as the Baltic, the Black Sea, Mediterranean regions and the Atlantic.
2. The activities under this component shall cover in particular:
 - (a) the definition, design, development, validation and related deployment activities for the necessary space and ground infrastructure required for the provision of governmental services;
 - (b) exploitation activities providing governmental services, comprising the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management;
 - (c) the development of future generations of space and ground infrastructure and the evolution of governmental services;
 - (d) the procurement of governmental and commercial satellite communication capacities, services, and user equipment necessary for the pooling and sharing of secure connectivity governmental services.
 - (e) support to the evolution of the secure connectivity, including its Services, and downstream R&D for applications and user technology for the uptake of secure connectivity services.

Article 55

Space Surveillance and Tracking

1. The SST sub-component of SSA shall in particular include:
 - (a) the establishment, development and operation of a network of ground-based and space-based SST sensors of the Member States, be selected by architecture study, aiming to
 - (b) survey and track space objects
 - (c) produce a European catalogue of space objects;
 - (d) the processing and analysis of SST data at national level in order to produce SST information and SST services;
 - (e) the provision of the SST services to the SST users;

- (f) seeking, fostering and supporting synergies with initiatives promoting development and deployment of technologies for spacecraft disposal at the end of operational lifetime and of technological systems for the prevention and elimination of space debris,
 - (g) the cooperation, including at operational level, with the international initiatives in the space traffic coordination;
 - (h) the delivery of the activities established by [reference to Regulation (EU) No [...] on the safety, resilience and environmental sustainability of space activities in the Union]
 - (i) Research and development activities supporting the evolution of the SST, including its s, and downstream R&D for applications and user technology for the uptake of SST services]
2. The SST sub-component shall also provide technical and administrative support to ensure the transition between the Programme SST activities performed under the ECF and the SST support framework established by Decision No 541/2014/activities performed under Regulation (EU) 2021/696.

Article 56

Near-Earth Objects

1. The NEO sub-component of SSA shall in particular support maintenance and data entries of the Union catalogue of physical properties of near-Earth objects.
2. Research and development activities supporting the evolution of the NEO, including its services, and downstream R&D for applications and user technology for the uptake of NEO services.

Article 57

Space Weather Events

1. The Space Weather Events sub-component of SSA shall support the provision of space weather services.
2. Research and development activities supporting the evolution of the SWE, including its services, and downstream R&D for applications and user technology for the uptake of SWE services]
3. SWE services shall in particular comprise:
 - (a) Space domain;
 - (b) GNSS domain;
 - (c) Telecommunication / SATCOM domain.
 - (d) SWE services shall aim to be available at any time without interruption.

Article 58

Cassini and commercialisation

1. CASSINI shall constitute the Union's space entrepreneurship initiative. The component shall undertake actions to support the commercialisation of the Union space industry and services, in particular focusing on entrepreneurship, and to leverage private investment and shall cover the following activities:
 - (a) creation of EU investment facilities for seed, early growth, and growth-stage private investment, and facilitating exits for founders and investors;
 - (b) creation of an EU industrial upscaling facility to enable investment into new manufacturing facilities and reinforce EU-based supply chains;
 - (c) business acceleration services, matchmaking events, investor network events, hackathons, skills development, and similar events, and by enabling improved market access and international business networks;
 - (d) schemes to accelerate commercial growth through the use of anchor customer contracts and schemes to onboard customers on both private and public sector markets, involving space components and infrastructures as well as products using space data and services.

Article 59

Technological sovereignty

1. The technological sovereignty and innovation component shall enable the EU to build a competitive, autonomous, and innovative space industrial ecosystem, enhancing the EU's technological sovereignty, non-dependence, and self-sufficiency in the space sector. It shall foster the development and uptake of cutting-edge space solutions, driven by research and innovation, while prioritizing the reduction of critical dependencies on non-EU technologies and focus on dual-use technologies that can benefit both civil and defence applications.
2. The component shall cover the following:
 - (a) activities related to EU technological sovereignty, such as research, development, and uptake of critical space technologies, including those directly responding to the EU Observatory of Critical Technologies, that reduce EU dependencies and enhance competitiveness of the EU space ecosystem;
 - (b) the research and development of new EU Space capabilities and related enabling technologies fostering a new in-space economy, specifically through the maturation, demonstration and operationalisation of In-Space Operations and Services, and quantum sensing technologies;
 - (c) boosting EU industrial competitiveness in global commercial markets, including through demonstrator missions advancing the degree of digitalisation of end-to-end space systems;
 - (d) exploring and leveraging synergies with complementary domains such as defence and other relevant sectors for key areas such as Artificial Intelligence and cybersecurity;
 - (e) supporting standardisation and certification activities relevant for the EU space sector;

- (f) facilitating access to testing and data processing facilities.

Article 60

Access to space

1. The Access to space shall cover in particular:
 - (a) procurement and aggregation of launch services for the needs of the Union and, at their request, aggregation and joint procurement of launch services for the needs of Member States, international organisations, public research organisations and academia.
 - (b) In-Orbit demonstration and validation services.
 - (c) Innovation, including the development of technologies and systems for future space transportation services.
 - (d) Development, adaptation, construction, maintenance and operation of critical Union based ground infrastructure, including the facilities necessary to test, launch and operate space transportation capabilities.

Article 61

Access to services

1. Third countries and international organisations may have access to Secure Connectivity services subject to an agreement concluded in accordance with Article 218 TFEU, laying down the terms and conditions for access to those services.
2. Third countries and international organisations not having their headquarters in the Member States may have access to secure sensitive SST services subject to an agreement concluded, provided that they conclude an agreement, in accordance with Article 218 TFEU, laying down the terms and conditions for access to those services and comply with the security requirements refer to in Article xx.
3. Third countries and international organisations not having their headquarters in the Union may have access to secure sensitive SST services referred to Article x provided that they conclude an agreement, in accordance with Article 218 TFEU, laying down the terms and conditions for access to those services and comply with the security requirements refer to in Article xx.
4. No agreement concluded in accordance with Article 218 TFEU shall be required to access SST services which are publicly available. Access to those services shall be subject to a request from the potential users.
5. The access of third countries and international organisations to the Public Regulated Service (PRS) provided by Galileo shall be governed by Article 3(5) of Decision No 1104/2011/EU of the European Parliament and of the Council (39).

Article 62

Complementary eligibility conditions

1. For the activities under this section, all the eligibility criteria shall be set only in the document related to the award procedure. The documents related to the award procedure may also require, as appropriate, security clearance and other security guarantees from competent authorities to perform the activity.

2. The documents related to the award procedure may allow for waivers in specific conditions. The competent authorities of the Member State in which the legal entity concerned by the waiver is established shall assess whether this legal entity complies with the conditions of the waiver. The Commission shall comply with that assessment.

Article 63

Ownership of Union space assets and access to results

1. Except as provided under paragraph 2, the Union shall be the owner of all tangible and intangible assets created, developed or purchased under direct or indirect management in the implementation of activities supported under this section. To that effect, the Commission shall ensure that relevant contracts, agreements and other arrangements relating to the activities which may result in the creation or development of such assets contain provisions ensuring the Union's ownership.
2. Paragraph 1 shall not apply to the tangible and intangible assets created or developed under direct or indirect management in the implementation of the activities supported under this section:
 - (a) where Union support is provided in the form of grants, prizes or pre-commercial procurement, or
 - (b) the activities are not fully financed by the Union, except as otherwise specified and with the exclusion of secure connectivity, or
 - (c) the activities relate to PRS receivers.
3. In the conditions set in paragraph 2, Union institutions, bodies, offices or agencies shall not acquire ownership but enjoy royalty-free access rights to results for own use and the right to grant, or to require the recipients to grant, non-exclusive licences to third parties to exploit the results under fair and reasonable conditions without any right to sublicense.
4. The Union shall be entitled to conclude the relevant agreements in order to acquire ownership of assets developed by third parties where such assets are necessary to the fulfilment of the objectives defined in Article 3.

Article 64

Warranty and liability

1. Except if otherwise specified the services, data and information provided by the components and activities under this section shall be without any express or implied warranty as regards their quality, accuracy, availability, reliability, speed and suitability for any purpose. The Union shall not be liable.

Article 65

Complementary procurement rules for support to space policy

1. While protecting the Union's autonomy, the contracting authority may request that the tenderer subcontracts part of the contract by competitive tendering at the appropriate levels of subcontracting to companies other than those which belong to the tenderer's group. This may include specific requirements in the procurement to

ensure that prime contractors follow the principles of the procurement set in this regulation during the execution of the contract, notably as regards the involvement of SMEs and new entrants, competition, constant benchmarking with the best market conditions.]

Article 66

Complementary grant rules

1. The Union may cover up to 100 % of the eligible costs, without prejudice to the co-financing principle.
2. By way of derogation from Article 184(6) of the Financial Regulation when applying flat rates, the authorising officer responsible may authorise or impose funding of the beneficiary's indirect costs up to a maximum of 25 % of total eligible direct costs for the action.
3. By way of derogation from Article 207 of the Financial Regulation, the maximum amount of financial support that can be paid to a third party shall not exceed EUR 200 000.
4. The organisation framework composed of Member States participating in SST shall be considered as the predefined beneficiary of the SST grant.

Article 67

Complementary indirect management rules

1. A tripartite agreement in accordance with Article 131 of Regulation (EU, Euratom) 2024/2509 may be concluded with both the Agency established in accordance with Regulation [reference to the future EUSPA founding Regulation] and the European Space Agency, subject to which [EUSPA] and the European Space Agency may be entrusted with budget implementation tasks.
2. By way of derogation from Article 62(1) of the Financial Regulation and subject to the Commission's assessment of the protection of the Union's interests, tasks entrusted under indirect management to the European Union Space Programme Agency, or its successors, may be further entrusted by the agency to bodies referred to in Article 62(1), point (c) of Regulation (EU, Euratom) 2024/2509 under the conditions of indirect management applying to the Commission.

Article 68

Roles

1. The Member States shall take all the necessary measures to ensure the smooth functioning of the actions supported under this section and may contribute with their technical competence, know-how and assistance, in particular in the field of safety, security, and frequency allocation. This contribution shall include, but not be limited to, making available to the Union data, information, services and infrastructure in their possession or located on their territory, that are necessary to the good functioning of the actions.
2. The Commission shall manage and have overall responsibility for the implementation of the components referred to in Article xx, including in the field of security, without prejudice to Member States' prerogatives around national security.

The Commission shall determine the priorities and long-term evolution of those components, in line with the user requirements, and shall supervise their implementation. The Commission shall determine and coordinate the international dimension of the components, to ensure coherence with the Union policies for external action and a consistent approach thereof.

3. The [Agency...] shall have its own tasks and may be entrusted by the Commission with other tasks in accordance with [reference to future EUSPA founding Reg].
4. Provided that the interest of the Union is protected, ESA [may] be entrusted with the following tasks:
 - (a) as regards PNT: major systems evolution and design and development of parts of the ground segment, and of satellites, including testing and validation;
 - (b) as regards Copernicus: i) coordination and implementation of the space component and its evolution; ii) design, development and construction of the Copernicus space infrastructure, including the operations of that infrastructure and related procurement, except when those operations are done by other entities; iii) where appropriate, provision of access to third-party data;
 - (c) as regards EOGS: design and development of new Earth-observation space missions and parts of associated ground segment;
 - (d) as regards secure connectivity: (i) the supervision of the development, of the validation and of the related deployment activities relating to the definition, design, development, validation and deployment phases for the governmental services and of the development and evolution necessary for the provision of governmental services, ensuring coordination between the tasks and budget entrusted to ESA and possible contribution by ESA, excluding pooling and sharing related actions referred to in Article xx, point yy; (ii) the provision of its technical expertise, including during the implementation of the component;
 - (e) as regards all the [Programme's] components: upstream research and development activities in ESA's fields of expertise, when relevant.

Article 69

Competent authorities for space components

1. Each programme participant shall designate a competent authority for each component. The competent authority shall ensure that:
 - (a) the use of governmental services and pooling and sharing services is in compliance with the general security requirements referred to in Article XX;
 - (b) the access rights to the governmental services and pooling and sharing services are determined and managed;
 - (c) user equipment necessary for the use of the governmental services and pooling and sharing services and associated electronic communication connections and information are used and managed in accordance with the general security requirements referred to in Article XX;
 - (d) a central point of contact is established to assist as necessary in the reporting of security risks and threats, in particular the detection of potentially harmful electromagnetic interference affecting the services under [the Programme] [the actions supported under this chapter].

Principles of governance and security

1. The principles of governance for the specific activities and components in article 3(2)(e) shall be based on the following:
 - (a) clear distribution of tasks and responsibilities between the entities involved in the implementation, building on their respective competences and avoiding any overlaps or duplications in tasks and responsibilities and thus ensuring clear accountability;
 - (b) relevance of the governance structure to the specific needs of each component and measure as appropriate;
 - (c) strong control of the activities and components, including strict adherence to cost, schedule and performance by all the entities, within their respective role and tasks;
 - (d) transparent and cost-efficient management;
 - (e) service continuity and necessary infrastructure continuity, including protection from relevant threats;
 - (f) systematic and structured consideration of the needs of users of the data, information and services provided by the [components], as well as of related scientific and technological evolutions;
 - (g) constant efforts to control and reduce risks.
2. The principles of security of the components of the space window shall be based on the following:
 - (a) to take account of the experience of the Member States in the field of security and draw inspiration from their best practices;
 - (b) to ensure the protection of the ground infrastructures which form an integral part of the Programme and which are located on their territory the Member States shall take measures which are at least equivalent to those necessary for the protection of European critical infrastructures within the meaning of Council Directive 2008/114/EC (44);
 - (c) to use the security rules of the Council and of the Commission, which provide, inter alia, for a separation between operational functions and those associated with accreditation;
 - (d) to consider the Commission as Originator of all classified information generated by entrusted entities;
 - (e) to ensure that a risk and threat analysis is performed for each new component on which general security requirements shall be established;
 - (f) to ensure that the Security Accreditation Board established by [ref. Reg EUSPA] performs its tasks without prejudice to the responsibilities of the Commission or to those entrusted entities, and without prejudice to the competences of the Member States as regards security accreditation;
 - (g) to establish a structure to coordinate the operations of the governmental services of the different components with designated national competent authorities or national entities for relevant component [of the space programme]

3. Whenever the security of the Union or its Member States may be affected by the operation of the systems, the procedures set out in Decision (CFSP) 2021/698 shall apply where relevant.

Article 71

Complementary rules on the protection of classified information

1. The exchange of classified information related to the Programme components supported under this sections shall be subject to the existence of an international agreement between the Union and a third country or international organisation on the exchange of classified information or, where applicable, an arrangement entered into by the competent Union institution or body and the relevant authorities of a third country or international organisation on the exchange of classified information, and to the conditions laid down therein.
2. Natural persons resident in and legal persons established in third countries may deal with EUCI regarding the Programme only where they are subject, in those third countries, to security regulations ensuring a degree of protection at least equivalent to that provided by the Commission's rules on security set out in Decision (EU, Euratom) 2015/444 and by the security rules of the Council set out in the Annexes to Decision 2013/488/EU. The equivalence of the security regulations applied in a third country or international organisation shall be defined in a security of information agreement, including, if relevant, industrial security matters, concluded between the Union and that third country or international organisation in accordance with the procedure provided for in Article 218 TFEU and taking into account Article 13 of Decision 2013/488/EU.
3. Without prejudice to Article 13 of Decision 2013/488/EU and to the rules governing the field of industrial security as set out in Decision (EU, Euratom) 2015/444, a natural person or legal person, third country or international organisation may be given access to EUCI where deemed necessary on a case-by-case basis, according to the nature and content of such information, the recipient's need-to-know and the degree of advantage to the Union.

Article 72

Implementing acts

1. Where necessary to further define and specify the governance, security and provision of services under this chapter, the Commission may, by means of implementing acts, complement the catalogue of services provided and shall determine the technical and operational requirements needed for the implementation of and evolution of the components under this chapter and of the services they provide after having consulted users and other stakeholders. When determining those technical and operational requirements, the Commission shall avoid reducing the general security level and shall meet backwards compatibility requirements. Those implementing acts shall be adopted in accordance with the [advisory procedure referred to in [...]]
2. Where necessary, the Commission shall, by means of implementing acts, adopt measures required to determine the location of the ground-based infrastructure following an open and transparent process, ensuring sound financial management and the protection of security and public order of the Union and its Member States.

Those implementing acts shall be adopted in accordance with the [advisory procedure referred to in [...]] Article xx

SECTION 4

SUPPORT FOR SECURITY INDUSTRY POLICY

Article 73

Specific provisions for support to civil security industry policy

1. Actions supported under this section shall contribute to the general objectives set out in paragraph 1 of Article 3 and the specific objectives set out in point (f) of Article 3(2).
2. Support for actions under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.
3. Actions shall be implemented in accordance with the general provisions set out in Chapter I and any additional rules set out in this section.

Article 74

Specific activities to support civil security industry policy

1. Support for civil security industrial policy shall address in particular the following application areas:
 - (a) Security and (cyber- and) physical resilience of critical infrastructures, in particular against hybrid threats;
 - (b) Technologies and solutions relevant for the prevention of and response to crime, in particular terrorism, organised crime and cyber-enabled crime
 - (c) Technologies and solutions for the control of goods and persons, the protection of borders, maritime security and customs;
 - (d) Civil preparedness against security threats, whether natural or human-made, accidental or intentional.
2. Support for civil security industrial policy shall be implemented in particular through the following activities:
 - (a) Research and innovation, scale-up, SME support, skills development, and manufacturing actions;
 - (b) Testing and validation of technologies and solutions;
 - (c) Deployment and market uptake of technologies and solutions, in particular by security practitioners;
 - (d) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy
3. Work programmes adopted in accordance with the rules of this Regulation under this section shall integrate in a specific dedicated part and ensure coherence with [reference to relevant research and innovation stream under HE FP] activities supported under the [reference to Horizon framework programme]

Chapter VIII

Final Provisions

Article 75

Committee procedure

1. The Commission shall be assisted by a committee, which shall be a committee within the meaning of Regulation (EU) No 182/2011 , and may convene in the following configurations:
 - (a) ECF General Committee, for matters concerning the general objectives or matters concerning more than one of the specific objectives set out in Article 3(2);
 - (b) Clean Transition Committee for matters concerning specific objectives set out in point (a) of Article 3(2);
 - (c) Health, biotech and bioeconomy Committee for matters concerning specific objectives set out in point (b) of Article 3(2);
 - (d) Digital Committee for matters concerning specific objectives set out in point (c) of Article 3(2);
 - (e) Defence Industry Committee for matters concerning specific objectives set out in point (d) of Article 3(2);
 - (f) Space Committee for matters concerning specific objectives set out in point (e) of Article 3(2);
 - (g) Resilience Committee for matters concerning specific objectives set out in point (iii) of Article 3 (2) (d)
 - (h) Security Industry Committee for matters concerning specific objectives set out in point (f) of Article 3(2).
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.
4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.
5. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.
6. In accordance with international agreements concluded by the Union, representatives of third countries, international organisations or other European Union institutions, bodies and agencies may be invited as observers in the meetings of the committee configurations under the conditions laid down in their rules of procedure, taking into account security and public order interests of the Union. Representatives of third countries or international organisations shall not be present in deliberations on matters related to Article 10 of this Regulation.

Article 76

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Articles 11 [and ...] shall be conferred on the Commission for the period from the date of enter into force of this Regulation until 31 December 2035.
3. The delegation of power referred to in Articles 11 [and ...] may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 11 [and ...] shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 77

Repeal

1. The following regulations are repealed with effect from 1 January 2028:
 - (a) Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014
 - (b) Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240
 - (c) Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU;
 - (d) Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092

- (e) Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013;
- (f) Regulation (EU) 2023/588 of the European Parliament and of the Council of 15 March 2023 establishing the Union Secure Connectivity Programme for the period 2023-2027
- (g) Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP);
- (h) Regulation (EU) 2023/2418 of the European Parliament and of the Council of 18 October 2023 on establishing an instrument for the reinforcement of the European defence industry through common procurement (EDIRPA);
- (i) Regulation (EU) [...] establishing the European Defence Industry Programme and a framework of measures to ensure the timely availability and supply of defence products ('EDIP'), with the exception of Chapters III and IV which shall continue to apply.

Article 78

Transitional provisions

1. This Regulation shall not affect the continuation or modification of actions initiated pursuant to the basic acts referred to in Article [54 repeal reference], which shall continue to apply to those actions until their closure:
2. The financial envelope referred to in paragraph 1 of Article 4 may also cover the technical and administrative assistance expenses necessary to ensure the transition between the ECF and the measures adopted pursuant to the basic acts referred to in the first paragraph.

Article 79

Entry into force

1. This Regulation shall enter into force on the day following that of its publication in the Official Journal of the European Union.
2. It shall apply from 1 January 2028.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

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1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing the European Competitiveness Fund ('ECF'), including specific
programme on defence research and innovation referred to in Article 182(3) TFEU
specific programme

1.2. Policy area(s) concerned

European competitiveness
Clean Transition and Industrial Decarbonisation
Health, Biotech and Bioeconomy
Digital Leadership
Resilience, Defence Industry and Space

1.3. Objective(s)

1.3.1. General objective(s)

General Objective 1 - Establish an investment capacity to support European competitiveness in strategic technologies and sectors, including innovation, decarbonisation, and resilience, through a more seamless investment journey from fundamental research, applied research to deployment and manufacturing.
General Objective 2 - Leverage the funding tools of the EU Budget to unlock private, institutional and national investment in support of strategic technologies and sectors, including for research and innovation, in the EU.

1.3.2. Specific objective(s)

Specific Objective 1 - Promote public and private investments throughout the whole investment journey, notably R&I, and better leverage the de-risking potential of the EU budget to maximise its EU added value
Specific Objective 2 - Facilitate access to funding from EU programmes through user-centric, faster, simplified and harmonised procedures and improve coherence among EU instruments and with Member States investments
Specific Objective 3 - Steer and focus investments towards EU strategic sectors and technologies, including underlying value chains, critical infrastructures, capabilities and skills, and in support of decarbonisation, security and resilience.[...]

1.3.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

Economic Impacts

- **Macro-Economic Return:** Expected to contribute to GDP growth via accelerated investment spending and process simplification.

- **Efficiency and Productivity:** Expected to reduce administrative costs and integrate access points, streamlining processes for high-growth industries and start-ups.
- **Simplified Funding Environment:** Lower costs, reduction in search time, proposal preparation time, time-to-inform and time-to-grant proposals facilitate easier fund access, potentially boosting success rates.
- **SME Support:** The consolidation into a single fund would likely be advantageous for SMEs as they typically lack the resources to navigate complex, fragmented systems. Moreover, the strategic focus on disruptive innovation could offer SMEs new opportunities in high-growth areas.
- **Market Competitiveness:** The fund aims to boost the competitiveness of European companies, including SMEs and start-ups, by making funding more accessible and strategically aligned. This initiative supports European strategic autonomy by decreasing reliance on foreign supply chains and reducing dependencies on external actors, thus enhancing EU companies' market position both domestically and globally. Additionally, it seeks to better connect research with market development and align research priorities with industrial needs, all while maintaining a bottom-up approach for fundamental research.
- **Research and innovation:** Predictability would remain for R&I funding, same as today, in line with Treaty obligations. At the same time, consolidation into one Fund covering the whole investment journey can facilitate the market uptake of research results and better articulate applied research with industrial priorities.

Social Impacts

- **Employment and Skills:** Larger investment volumes are expected to boost employment. The fund will integrate skills, education, and training initiatives into a unified framework, aligning with industry needs in strategic sectors like clean tech and AI. This approach will promote targeted investments in reskilling and upskilling, enhancing synergies among education, research, and business, and enabling rapid adaptation to emerging trends.
- **Regional Development:** Strategic regions might see substantial growth, attracting investment and entrepreneurship.
- **Health Sector Improvements:** Streamlined mechanisms would aim to reduce administrative burdens and speed crisis response.

Environmental Impacts

- **Decarbonisation Priority:** Focus on decarbonisation and clean tech aligns with EU's climate neutrality target for 2050, potentially enhancing climate positive impacts.
- **Investment Uncertainty:** High uncertainty in clean tech investment calls for a careful balance between predictability and flexibility to achieve positive environmental outcomes.

1.3.4. Indicators of performance

Specify the indicators for monitoring progress and achievements.

The ECF performance and monitoring will be measured against the indicators laid down in the proposal. In particular, the following indicators will have specific targets to be achieved:

- Investment mobilised: baseline of 0 and target of EUR Xbn if the maximum amount of the ECF InvestEU Investment Instrument is allocated and deployed by the implementing partners;
- Private finance mobilised: baseline of 0% and target of 50% of the investment mobilised;
- Multiplier effect achieve: baseline of 0 and target of 12.5 times;
- Number of countries covered: baseline of 0 and target of 27.

In addition to the indicators laid down in the proposal, more detailed indicators will be included in the agreements with implementing partners, on the basis of the specific financial products to be deployed.

[Moreover, specific indicators will be defined and developed for the ECF Project Advisory and other actions.]

1.4. The proposal/initiative relates to:

- ☐ a new action
- ☐ a new action following a pilot project / preparatory action⁹
- ☐ the extension of an existing action
- ☒ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The EU is facing a competitiveness gap with other global players. Not only US and China are leading in critical sectors and key innovation clusters, but these economies also leverage significantly greater financial support for R&I, deployment, and scale up. For this reason, the response to regain competitiveness needs to be coordinated at EU level to be truly effective, underscoring the urgent need to establish a dedicated fund to address this imbalance and ensure the EU's long-term economic resilience and growth.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante)

Pooling resources at the EU level can maximise the impact and added value of investment on the ground, and lead to economies of scale in investment initiatives , making them more cost effective than if each Member State acted independently.

⁹ As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

Underinvestment by the private sector remains a persistent challenge in the EU, affecting a broad spectrum of investment types—including infrastructure, innovation, green and digital transitions, and industrial capacity. This underinvestment is exacerbated by fragmented capital markets, which hinder the efficient allocation of savings to productive investment opportunities across borders. The fragmentation of financial markets limits cross-border capital flows, reduces scale, and increases risk for investors, particularly affecting SMEs and strategic sectors.

As the Draghi report points out public R&D spending in the EU is highly fragmented across Member States, not consistently directed towards EU-wide priorities, and often difficult to access. Currently, only a small portion of this funding comes from EU-level resources, with most resources coming from the budgets of the 27 Member States. EU-level action is necessary to support the type and scale of projects that would otherwise not be possible if Member States acted alone. EU support creates critical mass for large projects and partnerships to produce more impact and deliver on pan-European societal needs, whilst leveraging more private and public investment. Lastly, collaboration - fostering knowledge spillovers and risk-sharing opportunities - is an important element in advancing competitiveness. An EU-wide solution would foster economies of scale and cooperation across stakeholders, which are vital to enhance knowledge valorisation and improve organisational and technical capacities.

EU funding fosters extensive collaboration across stakeholders and borders, reducing fragmentation of resources and efforts and facilitating knowledge transfer between stakeholders and sectors, from fundamental research to businesses. EU funding breaks down national barriers and forms networks creating critical mass to address challenges like climate neutrality, biodiversity loss, pollution, digital transformation, security, or preparedness that single Member States cannot tackle alone.

EU funding addresses market failures and suboptimal investment conditions, such as green-premium investments and large infrastructure projects where social returns outweigh private returns. By mitigating investment risks and incentivising stakeholder engagement, EU funding supports economically beneficial projects that might not succeed otherwise. It enhances economic resilience, leverages private funds, attracts capital, and boosts productivity across the EU, driving GDP growth and fostering long-term stability.

Coordinated funding ensures that resources address shared challenges and helps in fostering partnerships with the private sector, aligning political and industrial priorities. This collective approach supports breakthrough innovations and strategic goals, overcoming coordination limitations among Member States.

Expected generated EU added value (ex-post)

The ECF will offer a comprehensive set of policy measures to overcome current deficiencies in the EU's funding landscape related to competitiveness. It would establish a unified investment capacity to support strategic sectors and technologies, facilitating a seamless investment journey from research to deployment on EU-level and strengthen EU's investment capacity and leverage tool. The ECF would simplify and harmonize application rules and requirements, introducing a single access point and a unified rulebook for applicants. This would reduce complexity, eliminate overlaps, and allow the EU to fully harness its potential to mobilize private capital and increase budgetary flexibility. The new fund would also strengthen connections between fundamental research and advanced stages of research, innovation

manufacturing and deployment, ensuring a dynamic economic structure within the EU - with the objective to promote Europe's resilience and leadership in the era of global innovation.

1.5.3. Lessons learned from similar experiences in the past

The consolidation of multiple financial instruments into the single InvestEU framework in 2020 provided valuable lessons that will be leveraged in designing the new fund. The experience showed that fragmentation and the multiplicity of rules and procedures under previous MFFs created inefficiencies and overlaps, both in policy objectives and financial operations. The move to a single programme with a strong identity, a single authorising officer, and a unified set of coherent requirements for eligibility, monitoring, and reporting helped streamline governance and implementation. These lessons underline the benefits of a harmonised and simplified framework, which will guide the development of the new fund to ensure greater efficiency, transparency, and impact across the financing chain.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The ECF aims to simplify and improve EU funding by consolidating 12 existing programmes into one fund, while ensuring tight connection with the Framework Programme for Research and Innovation and coherence with the Innovation Fund. Thanks to this consolidation, there will be a limited number of EU programmes to synergize with. The Competitiveness Coordination tool will ensure synergies with nationally and regionally pre-allocated envelopes, for example on further supporting competitiveness and continuation of funding for beneficiaries at different governance level. Synergies are expected with the Global Europe Fund on aspects concerning the competitiveness of EU industries and companies in third countries (i.e. accession countries, emerging markets and developing economies.)

1.5.5. Assessment of the different available financing options, including scope for redeployment

When implementing the budget, the ECF should provide the full toolbox of Union funding and ensure synergies between its supported policies, in particular by allowing for simplified common award procedures to pursue its objectives of more than one policy. Funding should focus on the achievement of policy objectives. As such, the elimination of burdensome financial reporting through the widest possible use of financing not linked to cost should be pursued as a major simplification measure.

1.6. Duration of the proposal/initiative and of its financial impact

☐ **limited duration**

- ☐ in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ financial impact from YYYY to YYYY for commitment appropriations and from YYYY to YYYY for payment appropriations.

☒ **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☒ **Direct management** by the Commission

- ☐ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated
- ☐ international organisations and their agencies (to be specified)
- ☒ the European Investment Bank and the European Investment Fund
- ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation
- ☒ public law bodies
- ☒ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees
- ☒ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees
- ☒ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act
- ☒ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

Comments

The ECF should be implemented through work programmes (for directly managed instruments) [and investment guidelines (for indirectly managed instruments)]. The designated mode of implementation should reflect the identified needs for directionality, flexibility and efficiency, required to meet the objectives of the ECF.

In all cases, ECF funding should be provided in the form best fitted to achieve its objectives, while limiting administrative burden for recipients to the absolute minimum.

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2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

An implementation report will be published by the Commission no later than four years after the start of the programme's implementation, in order to assess the progress made towards the achievement of their objectives. A retrospective evaluation will be carried out by the Commission at the latest three years after the end of the programming period of the programme with a view to assessing the effectiveness, efficiency, relevance, coherence and Union added value of the programme.

The implementing partners shall report to the Commission on a regular basis in line with this regulation, [the Performance Framework] and the Financial Regulation. For monitoring, they shall apply their rules and procedures, which have been assessed in accordance with Article 157 of the Financial Regulation to meet the requirements laid down therein. The Commission will monitor the performance of the ECF implementation. Simplified performance monitoring will apply to the ECF InvestEU Instrument.

2.2. Management and control system(s)

2.2.1. *Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

To support competitiveness both direct and indirect management actions are necessary. The Fund's comprehensive architecture will allow it to accompany European projects along the entire investment journey, from research and development, to demonstration, and market uptake of technologies, services and solutions. It will be able to flexibly mobilise the entire financial toolbox provided by the Financial Regulation, including grants, financial instruments and procurement.

The Fund is also providing simplified rules accelerating time to grant and reducing administrative burden.

[Section on direct management to be added]

The ECF InvestEU Investment Instrument will be implemented in indirect management through implementing partners which as a rule also contribute to the support to be provided to final recipients. The Commission shall conclude the guarantee agreements with the implementing partners. If a guarantee agreement was already signed with an implementing partner under InvestEU, this guarantee agreement will be amended to include the additional EU contribution from ECF.

The implementing partners will consist of the EIB Group, international financial institutions, national promotional banks and institutions and other financial intermediaries which are Union bodies, regulated and/or under banking sector supervision. The operations benefiting from the support of the ECF remain operations approved by the governing bodies of the implementing partners which will have to apply their due diligence and control framework to these operations.

The implementing partners shall provide annual audited financial statements to the Commission.

The ECF Project Advisory will be implemented through indirect or direct management depending on the nature of the assistance.

The impact of the ECF overall will be assessed through evaluations. The proposed Regulation defines the key performance and monitoring indicators. Additional specific indicators may be included in the guarantee agreements on the basis of the specific financial products to be deployed.

Harmonised reporting will be requested from the implementing partners in line with the Financial Regulation.

2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

The risk for the Union budget is linked to the budget guarantees and financial instruments provided by the Union to the implementing partners for their financing and investment operations.

The financing and investment operations in the context of the financial instruments and budgetary guarantee are carried out according to the implementing partners' standard rules of procedure and sound banking practice. The selected implementing partners and the Commission enter into a guarantee agreement laying down the detailed provisions and procedures relating to the implementation.

The appropriateness of the rules and procedures of the Implementing partners and their application will be controlled by the Commission through the pillar assessment in accordance with the Financial Regulation. Moreover, since the implementing partner as a rule bears part of the risk, the interest of the Union and the implementing partner are accordingly aligned which mitigates the risk to the budget.

The Commission will receive annual audited financial statements covering the operations from the implementing partners

2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)*

[Section on the grants to be added]

Under the ECF InvestEU Investment Instrument, the EU is providing a budgetary guarantee and/or funding through financial instruments, to cover operations carried out by implementing partners under their own rules and procedures, including their internal control framework.

Costs for the EU budget would only arise in relation to particular requirements imposed by the EU on top of the entrusted entities' internal control framework, which cannot be quantified yet.

2.3. **Measures to prevent fraud and irregularities**

[Section on the grants to be added]

Under the ECF InvestEU Investment Instrument, the selected implementing partners will have undergone the pillar assessment foreseen in Article 157 of the Financial Regulation, which ensures a solid quality of their internal control and independent external audit systems.

In addition, they will have to meet the requirements of Title X of the Financial Regulation. Being financial institutions the implementing partners will have internal control frameworks in place.

The due diligence, monitoring and controlling of financing or investment operations supported by the EU guarantee will be carried out by the implementing partners. Moreover, the proposed Regulation foresees that audits on the use of the Union funding carried out by persons or entities, including by others than those mandated by the Union institutions or bodies, shall form the basis of the overall assurance pursuant to Article 127 of the Financial Regulation.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

Please note that an Excel tool is available on the BUDGpedia page on the Legislative Financial and Digital Statement to help you with the calculations. You are strongly advised to use it to facilitate filling in this template.

Please insert as many budget lines as needed in the two tables below.

Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. ¹⁰	from EFTA countries ¹¹	from candidate countries and potential candidates ¹²	From other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.	from EFTA countries	from candidate countries and potential candidates	from other third countries	other assigned revenue
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO
	[XX.YY.YY.YY]	Diff./Non-diff.	YES/NO	YES/NO	YES/NO	YES/NO

¹⁰ Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

¹¹ EFTA: European Free Trade Association.

¹² Candidate countries and, where applicable, potential candidates from the Western Balkans.

	[XX.YY.YY.YY]	Diff./Non -diff.	YES/NO	YES/NO	YES/NO	YES/NO
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3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

- ☐ The proposal/initiative does not require the use of operational appropriations
- ☐ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.1. Appropriations from voted budget

EUR million (to three decimal places)

Heading of multiannual financial framework			Number							
DG: <.....>			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028-2034
			2028	2029	2030	2031	2032	2033	2034	
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ¹³										
Budget line		-3								0
TOTAL appropriations	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0

¹³ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

for DG <.....>	Payments	=2a+2b+3	0	0	0	0	0	0	0	0
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Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

DG: <.....>			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034
			2028	2029	2030	2031	2032	2033	2034	
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁴										
Budget line		-3								0
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0

Mandatory table

¹⁴ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

			Year	Year	Year	Year	Year	Year	TOTAL
			2028	2029	2030	2031	2032	2033	MFF 2028-2034
TOTAL operational appropriations	Commitments	-4	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		-6	0	0	0	0	0	0	0
TOTAL appropriations under HEADING <....> of the multiannual financial framework	Commitments	10	0	0	0	0	0	0	0
	Payments	11	0	0	0	0	0	0	0

Optional: if more than one operational heading is affected by the proposal / initiative, fill in the below tables.

Heading of multiannual financial framework	Number
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DG: <.....>	Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	TOT AL
	202 8	202 9	203 0	203 1	203 2	203 3	203 4	MFF 2028-2034
Operational appropriations								

Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁵										
Budget line		-3								0
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0

DG: <.....>			Ye ar 2028	Ye ar 2029	Ye ar 2030	Ye ar 2031	Ye ar 2032	Ye ar 2033	Ye ar 2034	TOTAL MFF 2029-2034
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes										

¹⁵ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

specific programmes¹⁶

Budget line		-3									0
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0	0

			Year	Year	Year	Year	Year	Year	TOTAL
			2028	2029	2030	2031	2032	2033	MFF 2028-2034
TOTAL operational appropriations	Commitments	-4	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		-6	0	0	0	0	0	0	0
TOTAL appropriations under HEADING <....> of the multiannual financial framework	Payments	10	0	0	0	0	0	0	0
		11	0	0	0	0	0	0	0

Year	Year	Year	Year	Year	Year	Year	TOTAL
2028	2029	2030	2031	2032	2033	2034	MFF 2028-2034

¹⁶ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL operational appropriations (all operational headings)	Commitments	-4	0	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0	0
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		-6	0	0	0	0	0	0	0	0
TOTAL appropriations Under Heading 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	10	0	0	0	0	0	0	0	0
	Payments	11	0	0	0	0	0	0	0	0

Heading of multiannual financial framework	7	'Administrative expenditure' ¹⁷
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This section should be filled in using the 'budget data of an administrative nature' to be firstly inserted in the Annex to the Legislative Financial and Digital Statement (Annex 5¹⁸ to the Commission Decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

DG: <.....>	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028-2034
• Human resources	0	0	0	0	0	0	0	0
• Other administrative expenditure	0	0	0	0	0	0	0	0

¹⁷ The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

¹⁸ If you report the use of appropriations under Heading 7, completing Annex 5 is a compulsory requirement.

TOTAL DG <.....>	Appropriations	0	0	0	0	0	0	0	0
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DG: <.....>		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028-2034
• Human resources		0	0	0	0	0	0	0	0
• Other administrative expenditure		0	0	0	0	0	0	0	0
TOTAL DG <.....>	Appropriations	0	0	0	0	0	0	0	0

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0	0	0	0	0	0	0	0
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EUR million (to three decimal places)

		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028- 2034
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	0	0	0	0	0	0	0	0
	Payments	0	0	0	0	0	0	0	0

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the table in Section 3.2.1.2. If not, please delete the whole section.

3.2.1.2. Appropriations from external assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	
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DG: <.....>			Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	Ye ar	TOT AL MFF 2028- 2034
			202 8	202 9	203 0	203 1	203 2	203 3	203 4	
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ¹⁹										
Budget line		-3								0
TOTAL appropriat ions for DG <.....>	Commitments	=1a+1b +3	0	0	0	0	0	0	0	0
	Payments	=2a+2b +3	0	0	0	0	0	0	0	0

Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

¹⁹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

DG: <.....>			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034
			2028	2029	2030	2031	2032	2033	2034	
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ²⁰										
Budget line		-3								0
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0

Mandatory table:

			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034
			2028	2029	2030	2031	2032	2033	2034	
TOTAL operational appropriations	Commitments	-4	0	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0	0

²⁰ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		-6	0	0	0	0	0	0	0	0
TOTAL appropriations under HEADING <....> of the multiannual financial framework	Commitments	10	0	0	0	0	0	0	0	0
	Payments	11	0	0	0	0	0	0	0	0

Optional: if more than one operational heading is affected by the proposal / initiative, fill in the below tables.

Heading of multiannual financial framework	Number	
--	--------	--

DG: <.....>			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034
			2028	2029	2030	2031	2032	2033	2034	
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ²¹										
Budget line		-3								0

²¹ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0

Optional: if more than one DG is involved in the proposal, please fill in the below tables; if not, please delete them.

DG: <.....>			Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028- 2034
Operational appropriations										
Budget line	Commitments	(1a)								0
	Payments	(2a)								0
Budget line	Commitments	(1b)								0
	Payments	(2b)								0
Appropriations of an administrative nature financed from the envelope of specific programmes ²²										
Budget line		-3								0
TOTAL appropriations for DG <.....>	Commitments	=1a+1b+3	0	0	0	0	0	0	0	0
	Payments	=2a+2b+3	0	0	0	0	0	0	0	0

²² Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

Mandatory table

			Year	Year	Year	Year	Year	Year	Year	TOTAL MFF 2028- 2034
			2028	2029	2030	2031	2032	2033	2034	
TOTAL operational appropriations	Commitments	-4	0	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0	0
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		-6	0	0	0	0	0	0	0	0
TOTAL appropriations under HEADING <...> of the multiannual financial framework	Commitments	10	0	0	0	0	0	0	0	0
	Payments	11	0	0	0	0	0	0	0	0

			Year	Year	Year	Year	Year	Year	TOTAL
			2028	2029	2030	2031	2032	2033	2028-2034
• TOTAL operational appropriations (all operational headings)	Commitments	-4	0	0	0	0	0	0	0
	Payments	-5	0	0	0	0	0	0	0
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		-6	0	0	0	0	0	0	0
TOTAL appropriations under Headings 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	10	0	0	0	0	0	0	0
	Payments	11	0	0	0	0	0	0	0

Heading of multiannual financial framework	7	'Administrative expenditure'²³
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This section should be filled in using the 'budget data of an administrative nature' to be firstly inserted in the Annex to the Legislative Financial and Digital Statement (Annex 5²⁴ to the Commission Decision on the internal rules for the implementation of the Commission section of the general budget of the European Union), which is uploaded to DECIDE for interservice consultation purposes.

EUR million (to three decimal places)

DG: <.....>		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028-2034
• Human resources		0	0	0	0	0	0	0	0
• Other administrative expenditure		0	0	0	0	0	0	0	0
TOTAL DG <.....>	Appropriations	0	0	0	0	0	0	0	0

DG: <.....>		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028-2024
• Human resources		0	0	0	0	0	0	0	0
• Other administrative expenditure		0	0	0	0	0	0	0	0
TOTAL DG <.....>	Appropriations	0	0	0	0	0	0	0	0

²³ The necessary appropriations should be determined using the annual average cost figures available on the appropriate BUDGpedia webpage.

²⁴ If you report the use of appropriations under Heading 7, completing Annex 5 is a compulsory requirement.

TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	0	0	0	0	0	0	0	0
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EUR million (to three decimal places)

		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028- 2034
TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework	Commitments	0	0	0	0	0	0	0	0
	Payments	0	0	0	0	0	0	0	0

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			Year 2028		Year 2029		Year 2030		Year 2031		Enter as many years as necessary to show the duration of the impact (see Section1.6)								TOTAL	
	OUTPUTS																			
	Type 25	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost		
SPECIFIC OBJECTIVE No 1 ²⁶ ...																				
- Output																				

²⁵ Outputs are products and services to be supplied (e.g. number of student exchanges financed, number of km of roads built, etc.).

²⁶ As described in Section 1.3.2. 'Specific objective(s)'

- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTALS																		

3.2.3. Summary of estimated impact on administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year	Year	Year	Year	Year	Year	Year	TOTAL 2028 - 2034
	2028	2029	2030	2031	2032	2033	2034	
HEADING 7								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the tables in Sections 3.2.3.2. and 3.2.3.3. If not, please delete both sections.

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year	Year	Year	Year	Year	Year	Year	TOTAL 2028 - 2034
	2028	2029	2030	2031	2032	2033	2034	
HEADING 7								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

3.2.3.3. Total appropriations

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES			Year	Year	Year	Year	Year	Year	TOTAL 2028 - 2034
			2028	2029	2030	2031	2032	2033	
			HEADING 7						

Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other administrative expenditure	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Outside HEADING 7								
Human resources	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other expenditure of an administrative nature	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal outside HEADING 7	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. *Estimated requirements of human resources [DGs implementing 4 windows to add and explain their FTE needs]*

- ☐ The proposal/initiative does not require the use of human resources
- ☒ The proposal/initiative requires the use of human resources, as explained below

These requirements need to be complemented with inputs from DGs responsible for implementation of ECF budget.

3.2.4.1. *Financed from voted budget*

Estimate to be expressed in full-time equivalent units (FTEs)²⁷

VOTED APPROPRIATIONS	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034
• Establishment plan posts (officials and temporary staff)							
20 01 02 01 (Headquarters and Commission's Representation Offices)	175	175	175	175	175	175	175
20 01 02 03 (EU Delegations)	0	0	0	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0	0	0	0
Other budget lines (specify)	0	0	0	0	0	0	0
• External staff (inFTEs)							
20 02 01 (AC, END from the 'global envelope')	0	0	0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0	0	0	0

²⁷

Please specify below the table how many FTEs within the number indicated are already assigned to the management of the action and/or can be redeployed within your DG and what are your net needs.

Admin. Support line	- at Headquarters	0	0	0	0	0	0	0
[XX.01.YY.YY]	- in EU Delegations	0	0	0	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0	0	0	0
TOTAL		175	0175	0175	175	175	175	175

Optional: if the proposal is partly or fully financed from external assigned revenues, fill in the tables in Sections 3.2.4.2. and 3.2.4.3. If not, please delete both sections.

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034
• Establishment plan posts (officials and temporary staff)							
20 01 02 01 (Headquarters and Commission's Representation Offices)	0	0	0	0	0	0	0
20 01 02 03 (EU Delegations)	0	0	0	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0	0	0	0
Other budget lines (specify)	0	0	0	0	0	0	0
• External staff (in full time equivalent units)							
20 02 01 (AC, END from the 'global envelope')	0	0	0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0	0	0	0
Admin. Support line	- at Headquarters	0	0	0	0	0	0
[XX.01.YY.YY]	- in EU Delegations	0	0	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034
• Establishment plan posts (officials and temporary staff)							
20 01 02 01 (Headquarters and Commission's Representation Offices)	175	175	175	175	175	175	175
20 01 02 03 (EU Delegations)	0	0	0	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0	0	0	0
Other budget lines (specify)	0	0	0	0	0	0	0
• External staff (in full time equivalent units)							
20 02 01 (AC, END from the 'global envelope')	0	0	0	0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)	0	0	0	0	0	0	0
Admin. Support line [XX.01.YY.YY]	- at Headquarters	0	0	0	0	0	0
	- in EU Delegations	0	0	0	0	0	0
01 01 01 02 (AC, END - Indirect research)	0	0	0	0	0	0	0
01 01 01 12 (AC, END - Direct research)	0	0	0	0	0	0	0
Other budget lines (specify) - Heading 7	0	0	0	0	0	0	0
Other budget lines (specify) - Outside Heading 7	0	0	0	0	0	0	0
TOTAL	175	175	175	175	175	175	175

Based on the detailed description in Annex V to the LFDS²⁸, the above tables should be accompanied by either of the below clarifications, depending on the option.

[Considering the overall strained situation in Heading 7, in terms of both staffing and the level of appropriations, the human resources required will be met by staff from the DG who are already assigned to the management of the action and/or have been redeployed within the DG or other Commission services.]

Option 2: Exceptionally, if internal redeployments within the implementing DGs appear for duly substantiated reasons impossible or insufficient, the proposal may require additional human resources. The latter will be paid as appropriate²⁹ from an administrative support line of the programme/initiative or by a fee as external assigned revenue.

In this case, please specify the type of staff by filling in the below table.

²⁸ For the purpose of estimating workload and staff needs, you may use the guidance on workload assessment prepared by DG HR.

²⁹ Please note that such exception needs to be agreed with central services before the launch of the ISC.

These requirements need to be complemented with inputs from DGs responsible for implementation of ECF budget.

Within the 175 FTEs requested for the initiative, 70 FTEs are already assigned to the management of the action or can be redeployed within DG GROW. The net need of DG GROW is 83 additional staff.

Please specify how many of the staff requested for the initiative are already in place in the DG/service (current staff) and how many additional staff are requested (in the column corresponding to the type of budget from which they are to be financed).

Please fill in the table to illustrate this for staff at 'cruising speed' level.

The staff required to implement the proposal (in FTEs):

(77)	(78) To be covered by current staff available in the Commission services	(79) Exceptional additional staff*		
(80)	(81)	(82) To be financed under Heading 7 or Research	(83) To be financed from BA line	(84) To be financed from fees
(85) Establishment plan posts	(86) 70	(87) 83	(88) N/A	(89)
(90) External staff (CA, SNEs, INT)	(91)	(92)	(93)	(94)

*Please explain briefly below why the tasks included in the proposal at stake cannot be covered fully by existing HR resources and internal redeployments within the DG already implementing the action or within the Commission services.

The ECF will set up a new investment capacities with significant budget amount. These will necessitate increase of the activities and task implemented by DG GROW both on the side of implementing non-repayable support, budgetary guarantees and financial instruments as well as performing the function of the Fund manager. For this purpose part of the head-count needed will be redeployed but one part will need to be covered by new capacities that are not available in DG GROW. Description of tasks to be carried out by:

Officials and temporary staff	Managing the fund -governance and coordination between DGs Implementation of budget under Resilience window Implementation of Financial instruments and budgetary guarantees including governance activities Implementation of Project Advisory and SME support services including applicable governance
External staff	

3.2.5. Overview of estimated impact on digital technology-related investments

These requirements need to be complemented with inputs from DGs responsible for implementation of ECF budget.

Compulsory: the best estimate of the digital technology-related investments entailed by the proposal/initiative should be included in the table below.

Exceptionally, when required for the implementation of the proposal/initiative, the appropriations under Heading 7 should be presented in the designated line.

The appropriations under Headings 1-6 should be reflected as “Policy IT expenditure on operational programmes”. This expenditure refers to the operational budget to be used to re-use/ buy/ develop IT platforms/ tools directly linked to the implementation of the initiative and their associated investments (e.g. licences, studies, data storage etc). The information provided in this table should be consistent with details presented under Section 4 “Digital dimensions”.

TOTAL Digital and IT appropriations	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	TOTAL MFF 2028 - 2034
HEADING 7								
IT expenditure (corporate)	0	0	0	0	0	0	0	0
Subtotal HEADING 7	0	0	0	0	0	0	0	0
Outside HEADING 7								
Policy IT expenditure on operational programmes	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	10 130 750
Subtotal outside HEADING 7	0	0	0	0	0	0	0	0
TOTAL	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	1 447 250	10 130 750

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

- ☐ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. Please provide an excel table in the case of major reprogramming.

- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

Explain what is required, specifying the headings and budget lines concerned, the corresponding amounts, and the instruments proposed to be used.

- ☐ requires a revision of the MFF

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.7. Third-party contributions

The proposal/initiative:

- ☐ does not provide for co-financing by third parties
- ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034	Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

- ☐ The proposal/initiative has no financial impact on revenue.
- ☐ The proposal/initiative has the following financial impact:
- ☐ on own resources
 - ☐ on other revenue
 - ☐ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative ³⁰						
		Year 2028	Year 2029	Year 2030	Year 2031	Year 2032	Year 2033	Year 2034
Article								

For assigned revenue, specify the budget expenditure line(s) affected.

[...]

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

[...]

4. DIGITAL DIMENSIONS

4.1. Requirements of digital relevance

The proposal is assessed as having digital relevance since it will produce new data series.

³⁰

As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

However, it will build on the digital framework of the InvestEU Programme Regulation, in particular regarding the InvestEU Management Information System, which will be adapted to cater for the ECF implementation, notably on the exchange of data with implementing and advisory partners, with the Investment Committee members and with other Commission services.

4.2. Data

The exchange of data between the Commission and the implementing and advisory partners will be based on the requirements set out in the relevant agreements. It will include operational, financial and risk data, which will be provided on a regular basis (e.g. periodical reports) as well as on ad hoc basis (e.g. for the submission of operations by implementing partners).

The exchange of data with Investment Committee members will be limited to operations submitted by implementing partners to the Investment Committee.

4.3. Digital solutions

The existing InvestEU Management Information System will be adapted and used for the ECF InvestEU Investment Instrument and the [Project Advisory] implementation.

4.4. Interoperability assessment

The InvestEU Management Information System will be used for the ECF and will keep its interoperability features, in particular with the following Commission IT tools: Secunda+, Ares, Decide and the Corporate Notification System.

4.5. Measures to support digital implementation

The IT project for the adaptation of the InvestEU Management Information System for the ECF will be developed and implemented in the Commission and should involve the key users of the system (Commission users, implementing and advisory partner users as well as the Investment Committee members). [The project should be operational before the implementation of the ECF starts.]