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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

Evaluations of the Competitiveness and Innovation Framework Programme

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1. INTRODUCTION

This report highlights the findings and recommendations of the evaluations of the Competitiveness and Innovation Framework Programme 2007-2013 (CIP) and its sub-programmes, formulates the Commission's response to the evaluations' recommendations and sets out follow-up measures.

Thereby the Commission complies with the requirement of Article 8(5) of the Decision establishing the CIP¹ to communicate interim and final evaluations of the Framework Programme and of its specific programmes to the European Parliament, the Council and the European Economic and Social Committee and the Committee of the Regions.

2. BACKGROUND

2.1. The Competitiveness and Innovation Framework Programme

The Competitiveness and Innovation Framework Programme² is a key programme in addressing the challenges EU industry is facing. Its objectives are in line with the flagship initiatives of the Europe 2020 Strategy, where smart, sustainable and inclusive growth is a key priority for EU intervention to strengthen the EU economy.

The CIP aims at contributing to the competitiveness and innovative capacity of the Union as an advanced knowledge society, with sustainable development based on robust economic growth and a highly competitive social market economy with a high level of protection and improvement of the quality of the environment.

This Framework Programme supports innovation activities (including eco-innovation), provides better access to finance and delivers business support services in the regions; it encourages a better take-up and use of information and communication technologies (ICT), helps to develop the information society and also promotes the increased use of renewable energies and energy efficiency.

- The CIP is divided into three operational programmes. Each of them has its specific objectives, aimed at contributing to the competitiveness of enterprises and their innovative capacity in their own areas, such as ICT or sustainable energy; The

¹ Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006, establishing a Competitiveness and Innovation Framework Programme 2007-2013 (OJ L 310/15, 09.11.2006)

² See <http://ec.europa.eu/cip/>

Entrepreneurship and Innovation Programme (EIP)³; The Information Communication Technologies Policy Support Programme (ICT-PSP)⁴; The Intelligent Energy Europe Programme (IEE)⁵.

2.2. Evaluations of the CIP and its sub-programmes

The Decision establishing the CIP contains specific provisions relating to the evaluation of the CIP and of its operational programmes. In particular, it states that the Framework Programme and its specific programmes shall be subject to interim and final evaluations to measure the impact of the Framework Programme, and each of the specific programmes, against its objectives, including competitiveness, innovation, entrepreneurship, productivity growth, employment and environment. The Decision also stipulates that the interim evaluation of the Framework Programme had to be completed by 31 December 2009 and the final evaluation by 31 December 2011, and that the interim and final evaluations of the specific programmes should be arranged in such a way that their results can be taken into account in the interim and final evaluation of the Framework Programme.

The interim and final evaluations have aimed at:

- measuring the impact of the Framework Programme and its specific programmes against their objectives;
- assessing the extent to which the Framework Programme and its specific programmes have contributed to the objectives set out at the beginning of this section;
- evaluating the extent to which the objectives of the Framework Programme and its specific programmes are pertinent to the needs, problems and issues it was designed to address;
- evaluating the efficiency of the Framework Programme and its specific programmes and identify their most efficient and its most inefficient aspects.

The interim evaluation of the EIP was conducted by GHK Consulting Ltd and Technopolis and the final report was presented on 30 April 2009.

The CIP ICT-PSP interim evaluation was conducted by a panel of five experts⁶ and its final report was presented in May 2009.

The interim evaluation of the Intelligent Energy-Europe II Programme was performed by Deloitte Consulting and its final report was presented on 27 April 2009.

³ http://ec.europa.eu/cip/eip/index_en.htm

⁴ http://ec.europa.eu/cip/ict-isp/index_en.htm

⁵ http://ec.europa.eu/cip/iee/index_en.htm

⁶ Prof Gerard Pogorel (Chair), Professor of Economics and Management, Ecole Nationale Supérieure des Télécommunications, (ENST-Telecom ParisTech), France. Dana Berova, Gartner, Czech Republic. Prof Slavo Radosevic, Professor of Industry and Innovation Studies, University College London. Eppie Eloranta, Director of TIEKE, the Finnish Information Society Development Centre. Jeremy Harrison (Rapporteur), Director of abdi Ltd, UK partners of the ROI Institute.

The interim evaluation of the Competitiveness and Innovation Framework Programme was conducted by GHK Consulting Ltd and Technopolis and the final report was presented on 9 March 2010.

The final evaluation of the Entrepreneurship and Innovation Programme was performed by the Centre for Strategy & Evaluation Services (CSES) with a final report in April 2011.

The final evaluation of the Intelligent Energy-Europe II Programme was conducted by Deloitte and the final report was published on 8 June 2011.

The CIP ICT PSP final (second interim) evaluation was completed on 20 July 2011 by a panel of experts⁷.

The CIP Framework Programme final evaluation, taking into account the results of previous evaluation studies, was finalised in December 2011 by the Centre for Strategy & Evaluation Services (CSES).

All evaluation reports are available on the web⁸.

3. MAIN FINDINGS OF THE EVALUATIONS

In general, the evaluations confirmed the relevance, effectiveness and efficiency of the Framework Programme and of each of its three specific programmes.

3.1. Interim evaluation of the CIP

The interim evaluation of the CIP⁹ found that *‘the limited budget attached to CIP means that it is not an expenditure-orientated programme like the Cohesion Policy Funds or the Seventh Framework Programme for Research and Technological Development (FP7), but one that seeks to achieve its ambitious and broadly defined objectives by **leveraging its ideas, products and partnerships into other policies and programmes.**’*

The report states that an **overwhelming support** was present among internal as well as external stakeholders for intervention at a Community level in the fields of innovation and competitiveness in the form of a flagship programme such as CIP, and suggested that CIP needed to focus on areas that demonstrate the greatest **European added value and impact**.

It was assessed that stakeholders tended to identify parts of the programme and not CIP as a whole: the evaluators considered that CIP is not well understood as a Framework Programme also due to the fact that it was a new framework programme, with a limited budget and supporting a wide array of instruments targeting a number of different audiences. They considered however that the **information mechanisms already in place**, being NCPs and the Enterprise Europe Network, were important instruments for improving on the information and communication of CIP.

The evaluation found that many planned efficiencies were emerging in the evidence associated with the management and implementation of CIP. In particular **CIP financial**

⁷ Graham Vickery, Terttu Luukkonen, Slavo Radosevic, Robbert Fisher (Rapporteur).

⁸ http://ec.europa.eu/cip/documents/implementation-reports/index_en.htm

⁹ http://ec.europa.eu/cip/files/docs/interim_evaluation_report_march2010_en.pdf

instruments have been considered highly efficient instruments 'by design' for assisting SMEs. Financial intermediaries however, complained of excessive reporting requirements which add to the cost of participating and suggested to reduce administrative burden.

The report also found that operational synergies were improved through the involvement of the **Executive Agency for Competitiveness and Innovation (EACI)** and the **Enterprise Europe Network**. In particular under the EIP it was underlined the role of having one Network facing SMEs across Europe. The role of EACI was considered successful in increasing resource efficiencies through the separation of administrative functions from policy making.

3.2. Final evaluation of the Entrepreneurship and Innovation Programme (EIP)

The evaluation of EIP¹⁰ came to five main conclusions: firstly, that the program was **performing well** and was on track to achieve the expected impacts; secondly, that in most instances, the Programme was **gathering momentum**, as it was building on existing achievements; in addition, that survey evidence demonstrated the 'utility' of the Programme, by confirming that it **directly meets SME needs**; furthermore, evaluators found that interviews and other evidence point to a **clear European value-added**. And finally that the **monitoring system** that has been developed is a valuable contribution to assessing the performance of the Programme on an on-going basis, but this system was still being developed in some areas and the data on indicators needed to be presented more consistently.

EIP objectives were found highly relevant to the needs of businesses. Furthermore, it was found that *'the programme is effectively benefiting end-users, in particular SMEs (small and medium-sized enterprises)'*. The major strength of the EIP is that it concentrates on core issues for SMEs in a direct and practical way. The EIP actions, notably the financial instruments and eco-innovation, have effectively created conditions for real replication in the market.

For what concerns the **Financial Instrument**, they have been found as achieving their objectives of facilitating access to finance for the start-up and growth of SMEs. In detail, the GIF facility and SMEG loan and micro credit windows are found relevant to the needs of European SMEs since they fulfil a demand for finance which otherwise would not have been met and contribute to the start up and growth of SMEs. One of the most noticeable effects found in the report for what concerns the instruments is the leverage effect.

Concerning the **Enterprise Europe Network**, the evaluators found that the Network was well focused on its main objectives of promoting innovation, business co-operation and cross-border trading, and added that there is a high level of client satisfaction with the Network's services. In particular they indicated that *'the Network is a major policy asset for the EU's relationship with enterprises and has considerable further potential in terms of the engagement of SMEs with the objectives and actions of the EIP'*.

The approach used for EIP **eco-innovation** related activities is found to be coherent across the Programme in terms of the inclusion of the appropriate elements and relevant in addressing existing market failures that restrict the sector, targeting both the demand and supply side of the market, as well as strengthening the operational environment. The evaluators found also that the scheme was likely to be significantly over-subscribed.

¹⁰ http://ec.europa.eu/cip/files/docs/final-evaluation-of-eip_en.pdf

3.3. Final evaluation of the Intelligent Energy Europe II Programme (IEE)

The evaluation of the IEE¹¹ found that its actions are achieving their specific and strategic objectives and contributing to the programme's overall impact and outcome.

The IEE programme is found to be *"relevant and useful as it replies to the evolving needs, problems and barriers related to sustainable energy issues that Europe is facing. The combination of the actions which covers a wide spectrum of priorities, the involvement of different type of actors which can clearly influence the uptake of sustainable energy solutions and in particular the combination of market solution oriented projects and projects targeting policy adaptation as well as the influence of the IEE II actions at different moment of the market cycle contribute to the effectiveness of the programme"*.

There remain **non-technological barriers** which slow down the uptake of sustainable energy technologies. IEE II contributes to reducing them by supporting activities in the fields of policy support, capacity building, dissemination and promotion and market replication projects.

Positive feedback has been collected by the evaluators as regards the **effectiveness** of the actions supported both in reaching their objectives and in contributing to the programme's objectives. Furthermore, the activities supported are judged the most appropriate to meet the objectives set.

Concerning the **efficiency** of the programme, the evaluators suggested increasing the means put in place to better facilitate the achievement of the overarching objectives of the programme, especially given the limited time remaining to achieve these before 2020 and the delays incurred vis-a-vis certain sustainable energy development objectives.

It was demonstrated that the programme was able to **use synergies with other EU funding programmes** such as FP7 and the structural funds.

3.4. Final evaluation of the Information and Communication Technology (ICT) Policy Support Programme (ICT PSP)

The final evaluation of the ICT PSP¹² underlined the uniqueness of the programme and its innovative role as its projects design **new platforms for innovative cross-border services in areas of public interest, in particular** in areas where there are continuing systemic and organisational risks..

Some attributes of the programme are identified as very positive: *'a unique and pioneering innovation instrument, directly policy-related, complementary portfolio of instruments, wide stakeholder participation'*. The further increase of stakeholders participation is amongst the recommendations given by the panel of experts, together with overcoming hurdles to SME participation. It is also recommended to improve information flows and linkages with other EU programmes such as the ones relating to regional policies.

¹¹ http://ec.europa.eu/cip/files/docs/2011_iee2_programme_en.pdf

¹² http://ec.europa.eu/cip/files/cip/docs/cip_ict_psp_interim_evaluation_report_2011_en.pdf

The panel suggested continuing the ICT PSP as an innovation deployment policy instrument and that ICT PSP focus on deployment of ICT innovations and addressing systemic and organisational risks should be maintained in any follow-up.

They recommended that the top-down policy-driven approach in large-scale projects (Pilot A) should be continued, as it is a working model of how to enhance more widespread uptake of new innovative services at EU level. They also assessed that the bottom-up demand-driven projects (Pilot B) can provide new and innovative cross-border services in new government service-related areas (eContent, eHealth and aging, eGovernment and eEnergy/eTransport), and promote interoperability and the development of wider markets for innovative public services.

3.5. Final evaluation of the CIP

The final evaluation¹³ report of the CIP confirmed its success.

The report states that '*[T]he evidence from the Final Evaluations and other sources, confirms that the Competitiveness and Innovation Framework Programme as a whole, and its specific programmes individually are **all performing well, in line with expectations at the launch of the programme***'.¹⁴

In addition it is assessed that '***The CIP as a whole has become a major vehicle for promoting innovation, particularly as conceived as a relatively open process going beyond the simple focus on technological development that characterised earlier conceptions towards the more balanced perspective that encompasses developments in the service sector as much as in manufacturing and relates to processes and business models as much as products. This in turn is a major contribution to the competitiveness of the European economy***'.

The definition of CIP's objectives is considered **coherent and relevant** to the needs, problems and issues intended to address, and a concentration in areas where **EU action can make a difference** was achieved. The evaluation assessed positively the flexibility of CIP and considered that **accessing support under the CIP is easier** than in other comparable programmes.

It is found that the body of work on support for innovation created by the CIP Programme represents now a substantial corpus of knowledge potentially **informing other policy areas**.

The evaluation underlined the improvements arising from the delegation of the management of substantial parts of CIP to the **EACI** concerning the efficiency of the programme management, both in relation with costs to the Commission and efficiency of the services provided, as measured in terms of number of contracts signed, the period to contract and payment delays.

The **current economic crisis** has underlined the significance of CIP's central objectives and the relevance of many of the issues CIP was designed to address, which makes it more urgent to build on ideas that have proven successful and demonstrated effectiveness, such as the financial instruments.

¹³ http://ec.europa.eu/cip/files/cip/cip_final_evaluation_final_report_en.pdf

¹⁴ CSES, Executive Report - Final Evaluation of the Competitiveness and Innovation Programme, December 2011, page 8 available at http://ec.europa.eu/cip/files/cip/executive_summary_cip_final_report_en.pdf

4. MAIN RECOMMENDATIONS & PLANNED FOLLOW-UP ACTIONS

The evaluations made some recommendations on how to further improve the implementation of the CIP and design a possible successor programme which have been taken into due consideration during the implementation of the Programme and when preparing the Commission proposals for successor programmes to the CIP (**COSME**¹⁵ and parts of **Horizon 2020**¹⁶)

The CIP final evaluation report stated that further synergies between the three sub-programmes could be created by articulating new positions on central themes of the framework programme, for example on innovation policies.

The CIP's overall lack of visibility was identified as one of its main shortcomings. However, it was also stressed that well-known brands such as the Enterprise Europe Network, Intelligent Energy Europe, and SME Week should not be renamed. Furthermore, better **dissemination of information on successful activities** supported by the Programme was recommended. The Commission actively uses the Enterprise Europe Network, which is funded by CIP, to distribute information on EU policies and services available under all programmes such as FP7 or Structural Funds. A number of actions have been undertaken to reach the broadest number of potential participants. In the area of Eco-innovation Market Replication, the Enterprise Europe Network often acts as a regional or national contact point, distributing information on calls, organising dedicated matchmaking events or sectoral cluster meetings. Beneficiaries of grants are also referred to the IPR Helpdesk created by CIP to help them with intellectual property issues resulted from its participation in other EU programmes such as the FP7. In the area of innovation, actions have been and continue to be continuously promoted by TAKE IT UP (Europe INNOVA) and the INNO-Partnering Forum (PRO INNO Europe®). The outreach tasks of projects beyond their direct participants is enhanced by the offering of web sites in which other organisations can actively contribute to and social networking features are integrated. Communication efforts will intensify regarding successor programmes.

Furthermore, it was recommended that a stable set of **output, result and impact indicators** be devised to help monitor the programme effectiveness and the achievement of its objectives. The European Commission's proposals for successor programmes to the CIP (**COSME**¹⁷ and parts of **Horizon 2020**¹⁸) are addressing most of these recommendations, in particular by strengthening the intervention logic of the programmes (e.g. Horizon 2020 provides for a seamless connection between research and innovation, taking into account key societal challenges, such as energy and natural resources, as well as crucial technologies, such as ICT), linking it to the EU's strategic priorities, and introducing in the legal text general and specific objectives linked to result and impact indicators

Regarding the recommendation on "*an active policy of promoting synergies at an operational level by a systematic approach to improving the management of the links between different areas of the Programme*", the Commission actively uses the Enterprise Europe Network to

¹⁵ COM(2011)834 final

¹⁶ COM(2011)808 final, COM(2011)809 final, COM(2011)810 final, COM(2011)811 final, COM(2011)812 final

¹⁷ COM(2011)834 final

¹⁸ COM(2011)808 final, COM(2011)809 final, COM(2011)810 final, COM(2011)811 final, COM(2011)812 final

distribute information. A number of actions have been undertaken to reach the broadest number of potential participants. In the area of eco-innovation, the Enterprise Europe Network often acts as a regional or national contact point, distributing information on calls, organising dedicated matchmaking events or cluster meetings. Beneficiaries of grants are also referred to the IPR Helpdesk to help them with intellectual property issues. As regards innovation, seminars have taken place with Network members on public procurement for innovation to disseminate the lessons learnt by the relevant actions. Another example are the links created between the Enterprise Europe Network and IMP3rove¹⁹ when the Enterprise Europe Network partners organise innovation management training.

The EIP final evaluation recommended that "*further developments in the Entrepreneurship and Innovation Programme need to take care to build on current achievements to increase the momentum that has already been created in a range of the activities undertaken and to avoid, where possible, the risks of disruption inherent in any new departures*". In the EIP annual work programme 2013 the Commission will to a large extent propose a **continuation of successful actions** from previous years or new actions based on past experiences, while at the same time ensuring consistence with political priorities and economic developments.

Regarding the recommendation on keeping under review the extent to which **European value-added** is evident in the **Financial Instruments**, the Commission has taken it into account in the preparation of the next generation of financial instruments. European added value will be a key element of the new debt and equity platforms, on whose principles all future financial instruments in the MFF for 2014-2020 will be based. In particular, the case for financial instruments relies on the benefits associated with the strengthening of the Single Market by overcoming market fragmentation in venture capital investment, high risk lending covered by EU resources and credit enhancement. The main purpose of the financial instruments under the COSME programme as proposed by the Commission will be to improve access to finance for SMEs in market segments which are not covered by Member States' measures, which are restricted to investments and support within each country. The focus will be on financing expansion of growth-oriented enterprises that are aiming at international expansion and to develop a cross-border SME finance market. Only an EU-level programme can fulfil this role. Similarly, in the proposal of the Commission on Horizon 2020, the Equity facility for Research & Innovation will complement national schemes that cannot cater for cross-border investments in R&I. The early-stage deals will also have a demonstration effect that can benefit public and private investors across Europe. The Debt facility will help remedy market deficiencies that prevent the private sector from investing in R&I at an optimum level. Its implementation will enable the pooling of a critical mass of resources from the Union budget and, on a risk sharing basis, from the financial institution(s) entrusted with its implementation. It will stimulate firms to invest more of their own money in R&I than they would otherwise have done. In addition, the Debt facility will help organisations, both public and private, to reduce the risks of undertaking the pre-commercial procurement or procurement of innovative products and services.

With regard to **eco-innovation** the evaluation suggested that "given the small size of the eco-innovation scheme, the eventual impacts are likely to be correspondingly restricted, in spite of the promising results anticipated and the fact it is likely to be significantly over-subscribed.

¹⁹ With IMP3rove, small and medium-sized enterprises (SMEs) have the valuable chance to benchmark their own Innovation Management performance against other companies from the same industry sector, country, size and age. Benchmarking offers a sound basis for effective support by an Innovation Management support provider.

The implications for future funding should be considered." The Commission has proposed in the next generation of programmes to include eco-innovation as one of the priorities in the Framework Programme for Research and Innovation - Horizon 2020 and to expand EU intervention both in terms of budget and range of instruments.

The Commission is drawing the lessons from the evaluations received to continuously improve its implementation of the current Framework Programme and its specific programmes. The evaluations have furthermore served as important guide points in the preparation of the new generation of Programmes (COSME and Horizon 2020). The Commission therefore invites the Council and the Parliament to make full use of these recommendations when amending the Commission's proposals in view of the final adoption of the programmes.