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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Third version of the draft amended Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241

Delegations will find in the third version of the draft amended Proposal for a Regulation of the European Parliament and of the Council establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241.

Changes compared to the first compromise text are shown in red.

2023/0199 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing the Strategic Technologies for Europe Platform ('STEP') and amending Directive 2003/87/EC, Regulations (EU) 2021/1058, (EU) 2021/1056, (EU) 2021/1057, (EU) No 1303/2013, (EU) No 223/2014, (EU) 2021/1060, (EU) 2021/523, (EU) 2021/695, (EU) 2021/697 and (EU) 2021/241

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 164, Article 173, Article 175, third paragraph, Article 176, Article 177, Article 178, Article 182(1) and Article 192(1) thereof,

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 Committee¹,

Having regard to the opinion of the Committee of the Regions²,

Acting in accordance with the ordinary legislative procedure,

¹ OJ C [...], [...], p. [...]

² OJ C [...], [...], p. [...]

Whereas:

- (1) Strengthening the competitiveness and resilience of the European economy through the green and digital transformations has been the EU compass over the last years. The green and digital transitions anchored in the European Green Deal³ and the Digital Decade,⁴ spurs growth and the modernisation of the EU economy, opening up new business opportunities and helping gain a competitive advantage on the global markets. The European Green Deal sets out the roadmap for making the Union's economy climate neutral and sustainable in a fair and inclusive manner, tackling climate and environmental-related challenges. Moreover, the Digital Decade Policy Programme 2030 sets out a clear direction for the digital transformation of the Union and for the delivery of digital targets at Union level by 2030, notably concerning digital skills, digital infrastructures, and the digital transformation of businesses and public services.
- (2) The EU industry has proven its inbuilt resilience but is being challenged. High inflation, labour shortages, post-COVID supply chains disruptions, rising interest rates, and spikes in energy costs and input prices are weighing on the competitiveness of the EU industry. This is paired with strong, but not always fair, competition on the fragmented global market. The EU has already put forward several initiatives to support its industry, such as the Green Deal Industrial Plan,⁵ the Critical Raw Materials Act⁶, the Net Zero Industry Act⁷, the new Temporary Crisis and Transition Framework for State aid,⁸ NextGenerationEU and REPowerEU.⁹ While these solutions provide fast ~~and~~-targeted and, in some cases temporary support, the EU needs a more structural answer to the investment needs of its industries and to reduce the EU's strategic dependencies, while safeguarding cohesion and the level playing field in the Single Market ~~and to reduce the EU's strategic dependencies. The EU should work to prevent relocation, transfer back production facilities of critical technologies from third countries and attract new ones to prevent strategic dependencies.~~
- (3) The uptake and scaling up in the Union of deep and digital technologies, clean technologies, and biotechnologies will be essential to seize the opportunities and meet the objectives of the green and digital transitions, thus promoting the competitiveness of the European industry and its sustainability. Therefore, immediate action is required to support the development~~of~~ manufacturing and deployment in the Union of such technologies, or related services, safeguarding and strengthening their value chains thereby reducing the Union's strategic dependencies, and addressing existing labour and skills shortages in those

³ Communication on The European Green Deal, COM(2019) 640 final. See also European Parliament resolution of 15 January 2020, and European Council conclusions of 11 December 2020.

⁴ Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030 (OJ L 323, 19.12.2022, p. 4).

⁵ Communication on A Green Deal Industrial Plan for the Net-Zero Age, COM(2023) 62 final.

⁶ COM(2023) 160 final

⁷ COM(2023) 161 final

⁸ Communication on a Temporary Crisis and Transition Framework for State Aid measures (OJ C 101, 17.3.2023, p. 3).

⁹ Regulation (EU) 2023/435 as regards REPowerEU (OJ L 63, 28.2.2023, p. 1).

sectors through trainings and apprenticeships and the creation of attractive, quality jobs accessible to all.

- (4) There is a need to support critical technologies and related services in the following fields: deep and digital technologies, clean technologies, and biotechnologies (including the respective critical raw materials value chains in all three technology areas), the entire carbon capture utilisation and storage technologies value chain, research projects and preliminary studies and analyses to support the development of innovative technologies, in particular projects, companies and sectors with a critical role for EU's competitiveness and resilience and its value chains. By way of example, deep technologies and digital technologies should include pharmaceuticals, microelectronics, photonics, semiconductors, semiconductor equipment, communication technologies, advanced materials technologies, internet of things high-performance computing, mass data processing tools (Open/Linked/Big Data), additive manufacturing, quantum technologies (i.e., computing, communication and sensing technologies), cloud computing, edge computing, secure data infrastructures and ecosystems, and artificial intelligence, cybersecurity technologies, robotics, 5G and advanced connectivity ~~(e.g. fiber-to-the-home/fiber-to-the-building technologies)~~ and virtual realities, including actions related to deep and digital technologies for the development of defence and aerospace applications as well as applications to deliver healthcare. Clean technologies should include, among others, renewable energy; electricity and heat storage; vehicles enabling efficient and clean mobility as well as their value chain and supply infrastructures; heat pumps; electricity grid; geothermal energy; renewable fuels of non-biological origin; all sustainable alternative fuels technologies, ~~including biofuels for road transport~~; electrolyzers and fuel cells; ~~carbon capture, utilisation and storage~~; energy efficiency; biolubricants; hydrogen and its related infrastructure; smart energy solutions; cutting-edge solutions implemented for leak detection and repair inspections carried out along renewable gases and water transport and distribution networks; technologies vital to sustainability such as water efficiency and storage, smart use, purification and desalination technologies; circular economy, such as high-quality recycling, resource and material efficiency; advanced materials such as nanomaterials, composites and future clean construction materials, and technologies for the sustainable extraction and processing of critical raw materials. Biotechnology should be considered to include technologies such as molecular biotechnology ~~biomolecules and its applications~~, all pharmaceuticals, medical products and medical technologies such as medical devices, and processes vital for health security, crop biotechnology, and industrial biotechnology, such as for waste disposal, and biomanufacturing. ~~The Commission should provide no later than two months after the entry into force of this Regulation may issue guidance to further specify the scope of the technologies in these three fields considered to be critical in accordance with this Regulation, in order to promote a common interpretation of the projects, companies and sectors to be supported under the respective programmes in light of the common strategic objective.~~ Moreover, technologies in any of these three fields which are subjects of an Important Project of Common European Interest (IPCEI) approved by the Commission pursuant to Article 107(3), point (b) TFEU should be deemed to be critical, and individual projects within the scope of such an IPCEI should be eligible for funding, in accordance with the respective programme rules, to the extent that the identified funding gap and the eligible costs have not yet been completely covered.

- (5) Strengthening the development and manufacturing capacity of key technologies in the Union will not be possible without a sizeable skilled workforce. However, labour and skills shortages have increased in all sectors including those considered key for the green and digital transition and endanger the rise of key technologies, also in the context of demographic change. Therefore, it is necessary to boost the activation of more people to the labour market relevant for strategic sectors, in particular through the creation of jobs and apprenticeships for young, disadvantaged persons, in particular, young people not in employment, education or training. Such support will complement a number of other actions aimed at meeting the skills needs stemming from the transition, outlined in the EU Skills Agenda.¹⁰
- (6) The scale of investments needed for the transition require a full mobilisation of funding available under existing EU programmes and funds, inclusive those granting a budgetary guarantee for financing and investment operations and implementation of financial instruments and blending operations. Such funding should be deployed in a more flexible manner, to provide timely and targeted support for critical technologies in strategic sectors. Therefore, a Strategic Technologies for Europe Platform ('STEP') should give a structural answer to the Union investment needs by helping to better channel the existing EU funds towards critical investments aimed at supporting the development or manufacturing of critical technologies, while preserving a level playing field in the Single Market, thereby preserving cohesion and aiming at a geographically balanced distribution of projects financed under the STEP in accordance with the respective programme mandates.
- (7) ~~The STEP should identify resources which should be implemented within the existing Union programmes and funds, the InvestEU, Horizon Europe, European Defence Fund and Innovation Fund. This should be accompanied by providing additional funding of EUR 10 billion. Of this, EUR 5 billion should be used to increase the endowment of the Innovation Fund¹¹ and EUR 3 billion to increase the total amount of the EU guarantee available for the EU compartment under the InvestEU Regulation ~~to~~by EUR 7,5 billion¹² taking into account the relevant provisioning rate. EUR 0.5 billion should be made available to increase the financial envelope under the Horizon Europe Regulation,¹³ which should be amended accordingly; and EUR 1.5 billion to the European Defence Fund.¹⁴~~

¹⁰ Communication on a European Skills Agenda for sustainable competitiveness, social fairness and resilience, COM(2020) 274 final.

¹¹ Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (OJ L 275, 25.10.2003, p. 32).

¹² Regulation (EU) 2021/523 establishing the InvestEU Programme (OJ L 107, 26.3.2021, p. 30).

¹³ Regulation (EU) 2021/695 establishing Horizon Europe (OJ L 170, 12.5.2021, p. 1).

¹⁴ Regulation (EU) 2021/697 establishing the European Defense Fund (OJ L 170, 12.5.2021, p. 149.)

- (8) A Sovereignty Seal should be awarded to projects contributing to the STEP objectives, provided that the project has been assessed and complies with the minimum quality requirements, in particular eligibility, exclusion and award criteria, provided by a call for proposals under Horizon Europe, the Digital Europe programme,¹⁵ the EU4Health programme,¹⁶ the European Defence Fund or the Innovation Fund, and regardless of whether the project has received funding under those instruments. These minimum quality requirements will be established with a view to identify high quality projects. This Seal should be used as a quality label, to help projects attract public and private investments by certifying their ~~its~~ contribution to the STEP objectives. Moreover, the Seal will promote better access to EU funding, notably by facilitating cumulative or combined funding from several Union instruments.
- (9) To that end, it should be possible to rely on assessments made for the purposes of other Union programmes in accordance with Articles 126 and 127 of Regulation (EU, Euratom) 2018/1046,¹⁷ in order to reduce administrative burden for beneficiaries of Union funds and encourage investment in ~~priority~~ technologies covered by this Regulation. Provided they comply with the provisions of the RRF Regulation,¹⁸ Member States ~~should~~ may consider including actions awarded the Sovereignty Seal when amending ~~preparing~~ their recovery and resilience plans ~~and when proposing their Recovering and Resilience Plans~~ and when deciding on investment projects to be financed from its share of the Modernisation Fund. In order to take full advantage of this possibility, Member States may should be allowed to make a request for an amendment of their recovery and resilience plan. The Sovereignty Seal ~~should~~ may also be taken into account by the Commission in the context of the procedure provided for in Article 19 of the EIB Statute and of the policy check laid down in Article 23 of the InvestEU Regulation. In addition, the implementing partners should be required to examine projects having been awarded the Sovereignty Seal in case they fall within their geographic and activity scope in accordance with Article 26(5) of that Regulation. Authorities in charge of programmes falling under STEP should also be encouraged to consider support for strategic projects identified in accordance with the Net Zero Industry and the Critical Raw Materials Acts that are within the scope of Article 2 of the Regulation and for which rules on cumulative funding may apply.

¹⁵ Regulation (EU) 2021/694 establishing the Digital Europe Programme (OJ L 166, 11.5.2021, p. 1).

¹⁶ Regulation (EU) 2021/522 establishing a Programme for the Union's action in the field of health, EU4Health Programme (OJ L 107, 26.3.2021, p. 1).

¹⁷ Regulation (EU, Euratom) 2018/1046 on the financial rules applicable to the general budget of the Union (OJ L 193, 30.7.2018, p. 1).

¹⁸ Regulation (EU) 2021/241 establishing the Recovery and Resilience Facility (OJ L 57, 18.2.2021, p. 17).

- (10) A new publicly available website (the ‘Sovereignty Portal’) should be set up by the Commission to provide information on available support to companies and project promoters seeking funds for STEP investments. To that end, it should display in an accessible and user-friendly manner the funding opportunities for STEP investments available under the EU budget. This should include information about directly managed programmes, such as Horizon Europe, the Digital Europe programme, the EU4Health programme, and the Innovation Fund, and also other programmes such as InvestEU, the RRF, and cohesion policy funds. Moreover, the Sovereignty Portal should help increase the visibility for STEP investments towards investors, by listing the projects that have been awarded a Sovereignty Seal. The Portal should also list the national competent authorities responsible for acting as contact points for the implementation of the STEP at national level.
- (11) While the STEP relies on the reprogramming and reinforcement of existing programmes for supporting strategic investments, it is also an important element for testing the feasibility and preparation of possible new interventions as a step towards a European Sovereignty Fund. The evaluation in 2025 will assess the relevance of the actions undertaken and serve as basis for assessing the outstanding needs for ~~an upscaling of the~~ support towards strategic sectors.
- (12) Directive 2003/87/EC¹⁹ should be amended to allow for additional financing with a financial envelope for the period 2024-2027 of EUR 5 billion. The Innovation Fund supports investments in innovative low-carbon technologies, which is a scope that is to be covered by the STEP. The increase in volume of the Innovation Fund should therefore allow to provide financing responding to the objective of supporting the development or manufacturing in the Union of critical clean technologies. In line with the objectives of ensuring cohesion and promoting the Single Market, and in order to support the green transition and the development of clean technologies throughout the Union, the additional financial envelope should be made available through calls for proposals open to entities from Member States whose average GDP per capita is below the EU average of the EU-27 measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017.

¹⁹ Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading (OJ L 275, 25.10.2003, p. 32).

- (13) In order to extend support possibilities for investments aimed at strengthening industrial development and reinforcement of value chains in strategic sectors, the scope of support from the ERDF should be extended by providing for new specific objectives under the ERDF, without prejudice to the rules on eligibility of expenditure and climate spending as set out in Regulation (EU) 2021/1060²⁰ and Regulation (EU) 2021/1058²¹. In strategic sectors, it should also be possible to support productive investments in enterprises other than SMEs, which can make a significant contribution to the development of less developed and transition regions, as well as in more developed regions of Member States with a GDP per capita below the EU average. Managing authorities are encouraged to promote the collaboration between large enterprises and local SMEs, supply chains, innovation and technology ecosystems. This would allow reinforcing Europe's overall capacity to strengthen its position in those sectors through providing access to all Member States for such investments, thus counteracting the risk of increasing disparities.
- (13a) In order to keep a high level of ambition in meeting climate objectives in cohesion policy, while at the same time allowing for flexibility between the Cohesion fund and the ERDF, the climate contribution of the Cohesion fund exceeding 37 % of its total allocation may be taken into account when calculating the climate contribution of ERDF and, viceversa, the climate contribution of ERDF exceeding the 30 % of its total allocation may be taken into account when calculating the climate contribution of the Cohesion fund.**
- (14) The scope of support of the JTF, laid down in Regulation (EU) 2021/1056,²² should also be extended to cover investments in clean technologies contributing to the objectives of the STEP by large enterprises, provided that they are compatible with the expected contribution to the transition to climate neutrality as set out in the territorial just transition plans. The support provided for such investments should not require a revision of the territorial just transition plan where that revision would be exclusively linked to the gap analysis justifying the investment from the perspective of job creation.
- (14a) In order to concentrate the support provided by JTF so to address more effectively the needs of all regions, it should be possible for Member States to take advantage of a higher co-financing rate.**
- (15) The ESF+,²³ being the main EU Fund for investment in people, provides a key contribution to promote the development of skills. In order to facilitate the use of that Fund for the STEP objectives, it should be possible to use the ESF+ to cover investments aimed at achieving a skilled and resilient workforce ready for the future world of work.

²⁰ Regulation (EU) 2021/1060 laying down common provisions (OJ L 231, 30.6.2021, p. 159).

²¹ Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund (OJ L 224, 24.6.2021, p. 31).

²² Regulation (EU) 2021/1056 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).

²³ Regulation (EU) 2021/1057 establishing the European Social Fund Plus (ESF+) (OJ L 231 30.6.2021, p.21).

- (16) In order to help accelerate investments and provide immediate liquidity for investments supporting the STEP objectives under the ERDF, the ESF+²⁴ and the JTF, an additional amount of exceptional pre-financing should be provided in the form of a one-off payment with respect to the priorities dedicated to investments supporting the STEP objectives. The additional pre-financing should apply to the whole of the JTF allocation given the need to accelerate its implementation and the strong links of the JTF to support Member States towards the STEP objectives. The rules applying for those amounts of exceptional pre-financing should be consistent with the rules applicable to pre-financing set out in Regulation (EU) 2021/1060. Moreover, to further incentivise the uptake of such investments and ensure its faster implementation, the possibility for an increased EU financing rate of 100% for the STEP priorities should be available. When implementing the new STEP objectives, managing authorities are encouraged to apply certain social criteria or promote social positive outcomes, such as creating apprenticeships and jobs for young disadvantaged persons, in particular young persons not in employment, education or training, applying the social award criteria in the Directives on public procurement when a project is implemented by a body subject to public procurement, and paying the applicable wages as agreed through collective bargaining.
- (17) The Common Provisions Regulation²⁵ should be amended to allow that projects having been awarded a Sovereignty Seal could benefit from better access to EU funding, notably by facilitating cumulative or combined funding from several Union instruments. To that end, it should be possible for managing authorities to grant support from the ERDF or the ESF+ directly, for operations attributed a Sovereignty Seal.

(17a) In order to reduce administrative burden towards a timely deployment of STEP, it should be possible in derogation to the applicable rules to exclude from the mid term review programmes that have been amended to include priorities dedicated to STEP. Such programme amendments may also definitely allocate a share of the flexibility amount for the years 2026 and 2027 and should be approved by the Commission within one month from their submission by Member States. Moreover, it should also be possible to introduce any consequent amendment to the Partnership Agreement and have them approved in an expedited way by the Commission.

²⁴ Regulation (EU) 2021/1057 establishing the European Social Fund Plus (ESF+) (OJ L 231, 30.6.2021, p. 21).

²⁵ Regulation (EU) 2021/1060 laying down common provisions (OJ L 231, 30.6.2021, p. 159).

(17b) The Common Provisions Regulation should also be amended to allow that the projects planned under priorities dedicated to investments supporting the STEP objectives could benefit from better access to EU funding, notably by facilitating the transfer of resources from the Brexit Adjustment Reserve for Member States whose average GDP per capita is below the EU average of the EU-27 measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017. To that end, it should be possible for those Member States to submit a request for a programme amendment to incorporate such transferred resources within a mandatory deadline in 31 December 2024.

(18) The regulatory framework for the implementation of the 2014-2020 programmes has been adapted over the past years to provide Member States and regions with additional with additional flexibility in terms of implementation rules and more liquidity to tackle the effects of the COVID-19 pandemic and the war or aggression against Ukraine. These measures, introduced at the end of the programming period, require sufficient time and administrative resources to be fully exploited and implemented; also at a time where Member States will focus resources on revising the 2021-2027 operational programmes linked to the STEP objectives. With a view to alleviate the administrative burden on programme authorities and to prevent possible loss of funds at closure for purely administrative reasons, the deadlines for the administrative closure of the programmes under the 2014-2020 period should be extended in Regulation (EU) No 1303/2013²⁶ and Regulation (EU) No 223/2014²⁷. More specifically, the deadline for the submission of that final payment application should be extended by 12 months. Furthermore, the deadline for the submission of the closure documents should also be extended by 12 months. In the context of this amendment, it is appropriate to clarify that distribution of food and material bought until the end of the eligibility period (end-2023) may continue after that date. In order to ensure a sound implementation of the EU budget and respect for the payment ceilings, payments to be made in 2025 should be capped at 10 % of the financial appropriations from resources under the Multiannual Financial Framework per programme. Amounts due exceeding the ceiling of 10% of programme appropriations per fund for 2025 would not be paid in 2025 nor in subsequent years but only used for the clearance of pre-financing. Unused amounts shall be decommitted in accordance with the general rules for decommitment at closure.

(18a) The flexibilities provided for the 2014-2020 programming period have helped Member States in their crisis response and recovery efforts, as well as to face the additional strain on public budgets caused by Russia's war of aggression against Ukraine. In order to allow Member States dealing with the continued budget pressure, in line with the possibility provided for in Regulation (EU) 2020/558, the extension of the exceptional possibility to apply a co-financing rate of 100 % to cohesion programmes should be provided for to the final accounting year 2023-2024, in accordance with budget appropriations and subject to available funding.

²⁶ Regulation (EU) 1303/2013 laying down common provisions (OJ L 347, 20.12.2013, p. 320).

²⁷ Regulation (EU) 223/2014 on the Fund for European Aid on the Most Deprived (OJ L 72, 12.3.2014, p. 1).

- (19) InvestEU is the EU flagship programme to boost investment, especially the green and digital transition, by providing demand-driven financing, including through blending mechanisms, and technical assistance. Such approach contributes to crowd in additional public and private capital. Given the high market demand of InvestEU guarantee, the EU compartment of InvestEU should be reinforced to correspond to the objectives of the STEP. This will, among other things, reinforce InvestEU's existing possibility to invest in projects forming part of an IPCEI, within the identified critical technology sectors. In addition, Member States are encouraged to contribute to the InvestEU Member State compartment to support financial products in line with the STEP objectives, without prejudice to applicable State aid rules. It should be possible for Member States to include as a measure in their recovery and resilience plans a cash contribution for the purpose of the Member State compartment of InvestEU to support objectives of the STEP. That additional contribution to support objectives of the STEP could reach up to 6% of their recovery and resilience plan's total financial allocation to the Member State compartment of InvestEU. Additional flexibility and clarifications should also be introduced to better pursue the objectives of the STEP.
- (20) Horizon Europe is the EU's key funding programme for research and innovation, and its European Innovation Council (EIC) provides for support for innovations with potential breakthrough and disruptive nature with scale-up potential that may be too risky for private investors. Additional flexibility should be provided for under Horizon Europe, so that the EIC Accelerator can provide equity-only support to non-bankable SMEs, including start-ups, and non-bankable SMEs and small mid-caps, carrying out innovation in the technologies supported by the STEP and regardless of whether they previously received other types of support from the EIC Accelerator. The implementation of the EIC Fund is currently limited to a maximum investment amount of EUR 15 million except in exceptional cases and cannot accommodate follow-on financing rounds or larger investment amounts. Allowing for equity-only support for non-bankable SMEs and small mid-caps would address the existing market gap with investments needs in the range of EUR 15 to 50 million. Moreover, experience has shown that the amounts committed for the EIC Pilot under Horizon2020 are not fully used. These unused funds should be made available for the purposes of the EIC Accelerator under Horizon Europe. The Horizon Europe Regulation should also be amended to reflect the increased envelope for the European Defence Fund.
- (21) The European Defence Fund is the leading programme for enhancing the competitiveness, innovation, efficiency and technological autonomy of the Union's defence industry, thereby contributing to the Union's open strategic autonomy. The development of defence capabilities is crucial, as it underpins the capacity and the autonomy of the European industry to develop defence products and the independence of Member States as the end-users of such products. The additional envelope should therefore be made available to support actions in the field of deep and digital technologies contributing to the development of defence applications.

~~(21a) With a view to helping accelerate investments and provide an increase of liquidity for investments supporting the STEP objectives under the ERDF, the ESF+, the JTF and the Cohesion Fund, Member States whose average GDP per capita is below the EU average of the EU-27 measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017 should be allowed to request a transfer resources from the Brexit Adjustment Reserve established by Regulation (EU) 2021/1755 of the European Parliament and of the Council to support measures referred to in Article 2(1) of this Regulation. The transfer should be authorised by the Commission when it does not undermine the achievement of the objectives of the Reserve.~~

(21a) Member States whose average GDP per capita is below the EU average of the EU-27 should have the possibility to transfer all or part of their provisional allocation from the resources of the Brexit Adjustment Reserve to programmes supported by the European Regional Development Fund (ERDF), the Cohesion Fund, the European Social Fund Plus (ESF+) or the Just Transition Fund (JTF).

The withdrawal of the United Kingdom from the Union in Member States has exacerbated supply chains disruptions, skills and labour shortages and overall affected the competitiveness of the economies of the Member States, notably in the area of critical technologies covered by STEP. The consequences are particularly serious for those member States whose average GDP per capita is below the EU average of the EU-27, where the adverse effects of the withdrawal creates further obstacles to the development of the critical technologies covered by STEP.

The measures to be funded under the Brexit Adjustment Reserve and the investments to be funded under the STEP priorities can serve similar purposes and have similar content. Both the Brexit Adjustment Reserve and STEP priorities within existing Union programmes and funds aim ultimately at bringing about economic, social and territorial cohesion. In that context, whilst STEP primarily aims at supporting the development or manufacturing of critical technology and at addressing the relevant skill and labour shortages, it can also contribute to countering unforeseen and adverse consequences in the Member States and sectors that are worst affected by Brexit.

It is therefore appropriate to provide flexibility to Member States whose average GDP per capita is below the EU average of the EU-27 by allowing them to transfer from the Brexit Adjustment Reserve to the Facility and support actions that cater for the objectives of both, and ultimately to bring about economic, social and territorial cohesion. The transfer request should be approved by the Commission unless it considers that the transfer would undermine the achievement of the overall objective of the Reserve.

(22) Since the objectives of this Regulation, namely to strengthen European sovereignty, accelerate the Union's green and digital transitions and enhance its competitiveness, and reduce its strategic dependencies cannot be sufficiently achieved by the Member States, but can rather be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.

HAVE ADOPTED THIS REGULATION:

CHAPTER 1

STEP

Article 1

Subject matter

This Regulation establishes a Strategic Technologies for Europe Platform (‘STEP’ or ‘the Platform’) to support critical and emerging strategic technologies .

It lays down the objectives of the Platform, the amount of financial support available under the Platform, and rules for the implementation of the Sovereignty Seal and Sovereignty portal and for reporting on the Platform objectives.

Article 2 STEP objectives

1. To strengthen European sovereignty and security, accelerate the Union's green and digital transitions and enhance its competitiveness, reduce its strategic dependencies, **improve access to finance, ensure** ~~favour~~ a level playing field in the Single Market for investments throughout the Union, and promote inclusive access to attractive, quality jobs, the Platform shall pursue the following objectives:
 - (a) supporting the development ~~or~~ ~~or~~ manufacturing ~~and, deployment~~ throughout the Union, **or supporting the respective deployment throughout the Union,** or safeguarding and strengthening the respective value chains, of critical **and emerging strategie** technologies **or related services** in the following fields:
 - (i) deep and digital technologies
 - (ii) clean **and resource efficient** technologies
 - (iii) biotechnologies
 - (b) addressing shortages of labour and skills critical to all kinds of quality jobs in support of the objective under point (a).
2. The **emerging strategie** technologies referred to in point (a) of the first paragraph, shall be deemed to be critical where they meet at least one of the following conditions:
 - (a) bring an innovative, **emerging and** cutting-edge element with significant economic potential to the Single Market **or for the Member States where the investment is carried out;**
 - (b) contribute to reduce or prevent strategic dependencies.
3. Where an Important Project of Common European Interest (IPCEI) approved by the Commission pursuant to Article 107(3), point (b) TFEU relates to any of the technology fields referred to in point (a) of paragraph 1, the relevant technologies shall be deemed to be critical.
4. The value chain for the ~~development, and~~ manufacturing **and deployment** of critical technologies referred to in the first paragraph relates to final products, as well as key components, specific machinery and critical raw materials primarily used for the production of those products, **as well as related services.**

[Article 3
Financial Support

1. Implementation of the Platform shall be supported, in particular, through:
 - (a) a Union guarantee referred to in Article 4(1) of Regulation (EU) 2021/523 with the indicative amount of EUR 7 500 000 000 in current prices. That guarantee shall be implemented in accordance with Regulation (EU) 2021/523;
 - (b) an amount of EUR 500 000 000 in current prices of the financial envelope referred to in point (i) of Article 12(2)(c) of Regulation (EU) 2021/695. That amount shall be implemented in accordance with Regulation (EU) 2021/695;
 - (c) an amount of EUR 5 000 000 000 in current prices of the financial envelope referred to in the sixth subparagraph of Article 10a(8) of Directive 2003/87/EC. That amount shall be implemented within the Innovation Fund in accordance with the rules of Article 10a(8) of Directive 2003/87/EC and Commission Delegated Regulation [2019/856].
 - (d) An amount of EUR 1 500 000 000 in current prices of the financial envelope referred to in Article 4(1) of Regulation (EU) 2021/697. That amount shall be implemented in accordance with Regulation (EU) 2021/697.
2. The amounts referred to in the paragraph 1 shall be used with the aim of achieving the objectives referred to in Article 2. ¹

Article 4
Sovereignty Seal and cumulative funding

1. The Commission shall award a Sovereignty Seal to any action contributing to any of the Platform objectives, provided the action has been assessed and complies with the minimum quality requirements, in particular eligibility, exclusion and award criteria, provided by a call for proposals under Regulation (EU) 2021/695, Regulation (EU) 2021/694, Regulation (EU) 2021/697, Regulation (EU) 2021/522, or Commission Delegated Regulation (EU) 2019/856.
2. The Sovereignty Seal may be used as a quality label, in particular for the purposes of:
 - (a) receiving support for the action under another Union fund or programme in accordance with the rules applicable to that fund or programme, or
 - (b) financing the action through cumulative or combined funding with another Union instrument in line with the rules of the applicable basic acts.
3. When revising their recovery and resilience plans in accordance with Regulation (EU) 2021/241, Member States shall, without prejudice to the provisions of that Regulation, consider as a priority action which have been awarded a Sovereignty Seal in accordance with paragraph 1.

4. When deciding on investment projects to finance from their respective shares of the Modernisation Fund in accordance with Article 10d of Directive 2003/87/EC, Member States shall consider as a priority project for critical clean technologies which have received the Sovereignty Seal in accordance with paragraph 1. In addition, Member States may decide to grant national support to projects with a Sovereignty Seal contributing to the Platform objective referred to in Article 2(1), point (a)(ii).
5. Under Regulation (EU) 2021/523, the Sovereignty Seal shall be taken into account in the context of the procedure provided for in Article 19 of the European Investment Bank Statute and of the policy check as laid down in Article 23(3) of that Regulation. In addition, the implementing partners shall examine projects having been awarded the Sovereignty Seal in case they fall within their geographic and activity scope as laid down in Article 26(5) of that Regulation.
6. Strategic projects identified in accordance with the [Net Zero Industry Act] and the [Critical Raw Materials Act] within the scope of Article 2 that receive a contribution under the Programmes referred to in Article 3 may also receive a contribution from any other Union programme, including Funds under shared management, provided that the contributions do not cover the same costs. The rules of the relevant Union programme shall apply to the corresponding contribution to the strategic project. The cumulative funding shall not exceed the total eligible costs of the strategic project. The support from the different Union programmes may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.
7. The award of a Sovereignty Seal and provision of cumulative funding is without prejudice to applicable State aid rules and to the Union's international obligations.

Article 5

Monitoring of implementation

1. The Commission shall monitor the implementation of the Platform and measure the achievement of the Platform objectives set out in Article 2. The monitoring of implementation shall be targeted and proportionate to the activities carried out under the Platform.
2. The monitoring system of the Commission shall ensure that data for monitoring the implementation of the activities carried out under the Platform and the results of those activities are collected efficiently, effectively and in a timely manner.
3. The Commission shall report on the expenditure financed by the Platform. It shall, as appropriate, report on the achievements related to each of the specific Platform objectives.

Article 6
Sovereignty portal

1. The Commission shall establish a dedicated publicly available website (the ‘Sovereignty portal’), providing investors with information about funding opportunities for projects linked to the Platform objectives and grant visibility to those projects, in particular by displaying the following information:
 - (a) ongoing and upcoming calls for proposals and calls for tender linked to the Platform objectives under the respective programmes and funds;
 - (b) projects that have been awarded a Sovereignty Seal quality label in accordance with Article 4;
 - (c) projects that have been identified as strategic projects under the [Net-Zero Industry Act] and the [Critical Raw Materials Act], to the extent that they fall within the scope of Article 2;
 - (d) contacts to the national competent authorities designated in accordance with paragraph 4;
2. The Sovereignty portal shall also display information about the implementation of the Platform and in relation to Union budget expenditure as referred to in Article 5, as well as the performance indicators defined under the respective programmes.
3. The Sovereignty portal shall be launched at the [date of the entry into force of this Regulation] and shall be updated by the Commission regularly.
4. By [3 months after the entry into force of this Regulation], Member State shall designate one national competent authority to act as the main point of contact for the implementation of the Platform at national level.

Article 7
Annual report

1. The Commission shall provide an annual report to the European Parliament and the Council on the implementation of the Platform.
2. The annual report shall include consolidated information on the progress made in implementing the Platform objectives under each of the programmes and funds.
3. The annual report shall also include the following information:
 - (a) overall expenditure of the STEP financed under the respective programmes;
 - (b) the performance of the STEP based on the performance indicators defined under the respective programmes.

Article 8
Evaluation of the Platform

1. By 31 December 2025, the Commission shall provide the European Parliament and the Council with an evaluation report on the implementation of the Platform.
2. The evaluation report shall, in particular, assess to which extent the objectives have been achieved, the efficiency of the use of the resources and the European added value. It shall also consider the continued relevance of all objectives and actions, in view of their potential upscaling.
3. Where appropriate, the evaluation shall be accompanied by a proposal for amendments of this Regulation.

CHAPTER 2
AMENDMENTS

Article 9

Amendments to Directive 2003/87/EC [ETS]

Directive 2003/87/EC is amended as follows:

- (1) In Article 10a(8), the following sixth subparagraph is inserted:

‘In addition to the allowances referred to in the first to fifth subparagraphs of this paragraph, the Innovation Fund shall also implement a financial envelope for the period from 1 January 2024 to 31 December 2027 of [EUR 5 000 000 000] in current prices for supporting investments contributing to the STEP objective referred to in Article 2, point (a)(ii) of Regulation .../...²⁸ [STEP Regulation]. This financial envelope shall be made available to support investments [only in Member States whose average GDP per capita is below the EU average of the EU-27 measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017’]

²⁸ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

Article 10

Amendments to Regulation (EU) 2021/1058 [ERDF and CF]

Regulation (EU) 2021/1058 is amended as follows:

(1) In Article 3(1), point (a), the following point is added:

‘(vi) supporting investments contributing to the STEP objectives referred to in Article 2 of Regulation .../...²⁹ [STEP Regulation]’

(2) In Article 3(1), point (b), the following point is added:

‘(ix) supporting investments contributing to the STEP objective referred to in Article 2(1), point (a)(ii) of Regulation .../... [STEP Regulation]’

(3) In Article 3, the following paragraph 1a is inserted:

The resources under the specific objective referred to in Article 3(1), first subparagraph, points (a)(vi) and (b)(ix) shall be programmed under dedicated priorities corresponding to the respective policy objective.

The Commission shall pay 30 % of the ERDF allocation to that priority as set out in the decision approving the programme amendment as exceptional one-off pre-financing in addition to the yearly pre-financing for the programme provided for in Article 90(1) and (2) of Regulation (EU) 2021/1060 or in Article 51(2), (3) and (4) of Regulation (EU) 2021/1059. The exceptional pre-financing shall be paid by 31 December 2024, provided the Commission has adopted the decision approving the programme amendment by 31 October 2024.

In accordance with Article 90 (5) of Regulation (EU) 2021/1060 and Article 51(5) of Regulation (EU) 2021/1059, the amount paid as exceptional pre-financing shall be cleared no later than with the final accounting year.

In accordance with Article 90(6) of Regulation (EU) 2021/1060, any interest generated by the exceptional pre-financing shall be used for the programme concerned in the same way as the ERDF and shall be included in the accounts for the final accounting year.

In accordance with Article 97(1) of Regulation (EU) 2021/1060, the exceptional pre-financing shall not be suspended.

In accordance with Article 105 (1) of Regulation (EU) 2021/1060, the pre-financing to be taken into account for the purposes of calculating amounts to be de-committed shall include the exceptional pre-financing paid.

By way of derogation from Article 112 of Regulation (EU) 2021/1060, the maximum co-financing rates for dedicated priorities established to support the STEP objectives shall be increased to 100 %.’

²⁹ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

- (4) In Article 5(2), the following point (e) is inserted:

‘(e) when they contribute to the specific objective under PO 1 set out in Article 3(1), first subparagraph, point (a)(vi) or to the specific objective under PO 2 set out in point (b)(ix) of that subparagraph, in less developed and transition regions, as well as more developed regions in Member States whose average GDP per capita is below the EU average of the EU-27 measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017.

Point (e) shall apply to Interreg programmes, where the geographical coverage of the programme within the Union consists exclusively of categories of regions set out in that point.’

- (5) In Article 5, the following new paragraph 3a is inserted:

‘3a. In order to contribute to the specific objectives under PO 1 set out in Article 3(1), first subparagraph, point (a)(vi) and under PO 2 set out in point (b)(ix) of that subparagraph, the ERDF shall also support training, life-long learning, reskilling and education activities’.

- (6) In Annex I, Table I, the following row is added under policy objective 1:

	(vi) supporting investments contributing to the STEP objectives referred to in Article 2 of Regulation .../... [STEP Regulation]	Any RCO listed for specific objectives (i), (iii) and (iv) RCO125 Firms: Enterprises supported linked primarily to deep and digital technologies productive investments RCO126 Firms: Enterprises supported linked primarily to clean technologies productive investments RCO127 Firms: Enterprises supported linked primarily to biotechnologies productive investments [These indicators are to be reported as subsets of RC001-RCO04]	Any RCR listed for specific objectives (i), (iii) and (iv)
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(7) In Annex I, Table I, the following row is added under policy objective 2:

	(ix) supporting investments contributing to the STEP objectives referred to in Article 2 of Regulation .../... [STEP Regulation]	Any RCO listed for specific objectives (i), (iii), (iv) and (vi) under policy objective 1 RCO125 Firms: Enterprises supported linked primarily to deep and digital technologies productive investments RCO126 Firms: Enterprises supported linked primarily to clean technologies productive investments RCO127 Firms: Enterprises supported linked primarily to biotechnologies productive investments [These indicators are to be reported as subsets of RC001-RCO04]	Any RCR listed for specific objectives (i), (iii) and (iv) under policy objective 1
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(8) In the Table of Annex II, the following row is added under policy objective 1:

	(vi) supporting investments contributing to the STEP objectives referred to Article 2 of Regulation .../... [STEP Regulation]	Any CCO listed for specific objectives (i), (iii) and (iv) under policy objective 1	Any CCR listed for specific objectives (i), (iii) and (iv) under policy objective 1
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(9) In the Table of Annex II, the following row is added under policy objective 2:

	(ix) supporting investments contributing to the STEP objectives referred to Article 2 of Regulation .../... [STEP Regulation]	Any CCO listed for specific objectives (i), (iii) and (iv) under policy objective 1	Any CCR listed for specific objectives (i), (iii) and (iv) under policy objective 1
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Amendments to Regulation (EU) 2021/1056 [JTF]

Regulation (EU) 2021/1056 is amended as follows:

- (1) Article 2 is replaced by the following:

‘In accordance with the second subparagraph of Article 5(1) of Regulation (EU) 2021/1060, the JTF shall contribute to the specific objective of enabling regions and people to address the social, employment, economic and environmental impacts of the transition towards the Union’s 2030 targets for energy and climate and a climate-neutral economy of the Union by 2050, based on the Paris Agreement. The JTF may also support investments contributing to the STEP objective referred to in Article 2(1), point (a)(ii) of Regulation .../... [STEP Regulation].’

- (2) In Article 8(2) the following subparagraph is inserted:

‘The JTF may also support productive investments in enterprises other than SMEs contributing to the STEP objectives referred to in Article 2 of Regulation .../...³⁰ [STEP Regulation]. That support may be provided irrespective of whether the gap analysis was carried out in accordance with Article 11(2)(h) and irrespective of its outcome. Such investments shall only be eligible where they do not lead to relocation as defined in point (27) of Article 2 of Regulation (EU) 2021/1060. The provision of such support shall not require a revision of the territorial just transition plan where that revision would be exclusively linked to the gap analysis.’

- (3) In Article 10, the paragraph 3 is replaced by the following:**

In accordance with Article 112 of Regulation (EU) 2021/1060, the co-financing rate, applicable to the region where the territory or territories identified in the territorial just transition plans in accordance with Article 11 of this Regulation are located, for the JTF priority or priorities shall not be higher than 85 %.

- (4) In Article 10, the following paragraph 4 is added:

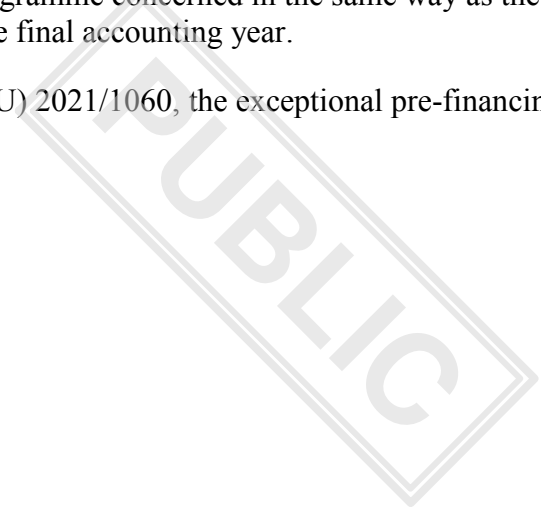
‘The Commission shall pay 30% of the JTF allocation, including amounts transferred in line with Article 27 of Regulation EU 2021/1060, to a programme as set out in the decision approving the programme as exceptional one-off pre-financing in addition to the yearly pre-financing for the programme provided for in Article 90(1) and (2) of Regulation (EU) 2021/1060. The exceptional pre-financing shall be paid as from [entry into force of this Regulation].

In accordance with Article 90(5) of Regulation (EU) 2021/1060, the amount paid as exceptional pre-financing shall be cleared no later than with the final accounting year.

³⁰ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

In accordance with Article 90(6) of Regulation (EU) 2021/1060, any interest generated by the exceptional pre-financing shall be used for the programme concerned in the same way as the ERDF and shall be included in the accounts for the final accounting year.

In accordance with Article 97(1) of Regulation (EU) 2021/1060, the exceptional pre-financing shall not be suspended.



In accordance with Article 105(1) of Regulation (EU) 2021/1060, the pre-financing to be taken into account for the purposes of calculating amounts to be de-committed shall include the exceptional pre-financing paid.

By way of derogation from Article 112 of Regulation (EU) 2021/1060, the maximum co-financing rates for dedicated priorities established to support the STEP objectives shall be increased to 100 %.'

Article 12

Amendments to Regulation (EU) 2021/1057 [ESF+]

Regulation (EU) 2021/1057 is amended as follows:

- (1) A new article 12a is inserted:

'Article 12a

In addition to the pre-financing for the programme provided for in Article 90(1) and (2) of Regulation (EU) 2021/1060, where the Commission approves an amendment of a programme including one or more priorities dedicated to operations supported by the ESF+ contributing to the STEP objectives referred to in Article 2 of Regulation .../...³¹ [STEP Regulation], it shall make an exceptional pre-financing of 30% on the basis of the allocation to those priorities. The exceptional pre-financing shall be paid by 31 December 2024, provided the Commission has adopted the decision approving the programme amendment by 31 October 2024.

In accordance with Article 90(5) of Regulation (EU) 2021/1060, the amount paid as exceptional pre-financing shall be cleared no later than with the final accounting year.

In accordance with Article 90(6) of Regulation (EU) 2021/1060, any interest generated by the exceptional pre-financing shall be used for the programme concerned in the same way as the ESF+ and shall be included in the accounts for the final accounting year.

In accordance with Article 97(1) of Regulation (EU) 2021/1060, the exceptional pre-financing shall not be suspended.

In accordance with Article 105(1) of Regulation (EU) 2021/1060, the pre-financing to be taken into account for the purposes of calculating amounts to be de-committed shall include the exceptional pre-financing paid.

By way of derogation from Article 112 of Regulation (EU) 2021/1060, the maximum co-financing rates for dedicated priorities established to support the STEP objectives shall be increased to 100 %.'

³¹ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

Amendments to Regulation (EU) 2021/1060 [CPR]

Regulation (EU) 2021/1060 is amended as follows:

- (1) In Article 2, point (45) is replaced by the following:

‘(45) ‘Seal of Excellence’ means the quality label attributed by the Commission in respect of a proposal, which shows that the proposal which has been assessed in a call for proposals under a Union instrument is deemed to comply with the minimum quality requirements of that Union instrument, but could not be funded due to lack of budget available for that call for proposals, and might receive support from other Union or national sources of funding; **or the ‘Sovereignty Seal’ referred to in Article 4 of Regulation .../...³² [STEP Regulation].**’

- (1a) In Article 6(1), the following sentence is added:**

‘Where, as a result of a programme amendment for STEP, the climate contribution of the Cohesion fund would exceed the target of 37 % of its total allocation, the amount exceeding that target may be taken into account when calculating the climate contribution of ERDF for the purpose of reaching the target of 30% of its total allocation. In the same vein, the amounts exceeding the ERDF climate contribution target of 30% of its total allocation may be taken into account when calculating the climate contribution of the Cohesion Fund.

- (1b) In Article 13, the following paragraphs 5 and 6 are inserted:**

‘5. Without prejudice to the possibility to amend the Partnership Agreement by 31 March 2025 referred to in paragraph 1, a Member State may submit to the Commission an amended Partnership Agreement to take into account the introduction in the programmes of priorities contributing to the STEP objectives as referred in Article 10(1) and (2) of Regulation.../... [STEP Regulation], which shall be approved by the Commission by 31 October 2024.

6. By way of derogation from paragraph 2 and 4, the Commission shall approve the amended Partnership Agreement referred to in paragraph 5 no later than three months after its first submission by the Member State.’

- (2) In Article 14(5), the first subparagraph is replaced by the following:

‘In accordance with the second subparagraph of Article 10(4) of the InvestEU Regulation, where a guarantee agreement has not been concluded within **12** months from the conclusion of the contribution agreement, the contribution agreement shall be terminated or prolonged by mutual agreement.’

³² Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

(2a) In Article 24, the following paragraphs 8 and 9 is-are inserted:

‘8. By way of derogation to Article 18, priorities dedicated to investments contributing to the STEP objectives as referred in Article 10(1) and (2) of Regulation.../... [STEP Regulation] that have been included in a programme as a result of a programme amendment approved by the Commission by 31 October 2024 shall not be taken into account for the purposes of the mid term review. The decision approving such programme amendments may include a definitively allocation of the totality or part of the flexibility amount for the years 2026 and 2027 to address priorities dedicated to investments contributing to the STEP objectives.’

(2b) In Article 24, the following paragraph 9 is inserted:

‘By way of derogation from paragraph 4, the Commission shall adopt the decision approving a programme amendment within two months of its submission by a Member State provided that it concerns exclusively the introduction of dedicated priorities to investments contributing to the STEP objectives as referred in Article 10(1) and (2) of Regulation.../... [STEP Regulation].’

(2b) A new Article 26b is inserted:

‘Article 26b

Resources transferred from the Brexit Adjustment Reserve

- 1. Resources transferred from the Brexit Adjustment Reserve in accordance with Article 4b of Regulation (EU) 2021/1755 of the European Parliament and of the Council ⁽³³⁾ shall be implemented in accordance with this Regulation and the provisions governing the Fund to which the resources are transferred and shall be definitive. Resources shall not be transferred to programmes under the European territorial cooperation goal (Interreg).**
- 2. The Member States shall plan the use of the resources referred to in paragraph 1 of this Article for achieving the relevant objectives of the Strategic Technologies for Europe Platform (‘STEP’) as set out in Article 2(1) of Regulation (EU) [XXX/YYYY] in programme amendments to be submitted in accordance with Article 24 of this Regulation. The resources referred to in paragraph 1 shall not be taken into account for the calculation of compliance with thematic concentration requirements as set out in Fund-specific rules.**
- 3. By way of derogation from Article 18 and Article 86(1), second subparagraph of this Regulation, the resources transferred in accordance with this Article and Article 4b of Regulation (EU) 2021/1755 shall not be taken into account for the mid-term review.**
- 4. The time limit after which the Commission shall decommit the amounts in accordance with Article 105(1) of this Regulation shall start from the year in which the corresponding budgetary commitments are made.**

³³ Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357, 8.10.2021, p. 1).

5. Resources transferred shall be implemented in accordance with the rules set out in this Regulation and the Fund-specific Regulations as from the date of submission of the request for programme amendment.

(3) In Article 49, the following paragraph 2a is inserted:

‘Where support is programmed for the STEP objectives referred to in Article 2 of Regulation .../... [STEP Regulation], the managing authority shall ensure that all the information to be published in accordance with paragraph 2 of this Article is also submitted to the Commission in the format set out in paragraph 4 of this Article for publication on the Sovereignty Portal set out in Article 6 of Regulation .../... [STEP Regulation], including a timetable of the planned calls for proposals that is updated at least three times a year, as well as the link to the calls for proposals on the day of their publication.’

(4) In the Article 112(3), the section about co-financing rates for the JTF should be as follows:

The co-financing rate, applicable to the region where the territory or territories identified in the territorial just transition plans are located, for the priority supported by the JTF shall not be higher than 85%.

(5) In the Annex I, Table 1, the following rows are added:

INTERVENTION FIELD		Coefficient for the calculation of support to climate change objectives	Coefficient for the calculation of support to environmental objectives
145a	Support for the development of skills or access to employment in deep and digital technologies, biotechnologies.	40 0%	40 0%
145b	Support for the development of skills or access to employment in clean technologies.	100%	40%
188	Productive investments in large enterprises linked primarily to clean technologies.	100%	40%
189	Productive investments in SMEs linked primarily to clean technologies.	100%	40%
190	Productive investments in large enterprises linked primarily to biotechnologies.	40 0%	40 0%
191	Productive investments in SMEs linked primarily to	40 0%	40 0%

	biotechnologies.		
192	Productive investments in large enterprises linked primarily to deep and digital technologies.	0%	0%
193	Productive investments in SMEs linked primarily to deep and digital technologies.	0%	0%
<u>194</u>	<u>Digitising SMEs or large enterprises (including e-Commerce, e-Business and networked business processes, digital innovation hubs, living labs, web entrepreneurs and ICT start-ups, B2B) linked primarily to clean technologies.</u>	<u>40%</u>	<u>40%</u>

(6) In Annex I, Table 6, the following row is added:

11	Contributing to skills and jobs in deep and digital technologies, clean technologies, biotechnologies	0%	0%
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Article 14

Amendments to Regulation (EU) No 1303/2013 [CPR]

Regulation (EU) No 1303/2013 is amended as follows:

(0) In Article 25a, the following paragraph 1b is added:

‘1a. By way of derogation from Article 60(1) and the first and fourth subparagraphs of Article 120(3), a co-financing rate of 100 % may be applied to expenditure declared in payment applications for the accounting year starting 1 July 2023 and ending 30th June 2024 for one or more priority axes in a programme supported by the ERDF, the ESF or the Cohesion Fund.

By way of derogation from Article 30(1) and (2) and Article 96(10), the application of the co-financing rate of 100 % shall not require a Commission decision approving a programme amendment. The Member State shall notify the revised financial tables to the Commission following approval by the monitoring committee. The co-financing rate of 100 % shall apply only if the financial tables are notified to the Commission before the submission of the final application for an interim payment for the last accounting year starting 1 July 2023 and ending 30th June 2024 in accordance with Article 135(2).’

(1) In Article 135, the following paragraph 6 is added:

‘6. By way of derogation from paragraph 2, the deadline for the submission of the final application for an interim payment for the final accounting year shall be 31 July 2025. The last application for interim payment submitted by 31 July 2025 shall be deemed to be the final application for an interim payment for the final accounting year.

Amounts from resources other than REACT-EU reimbursed by the Commission as interim payments in 2025 shall not exceed **10** % of the total financial appropriations to the programme concerned by Fund, REACT-EU resources excluded. Amounts that would be due to be paid by the Commission in 2025 exceeding this percentage shall not be paid and shall be used exclusively for the clearing of pre-financing at closure.’

- (2) In Article 138, the following subparagraph is added:

‘By way of derogation from the deadline set out in the first subparagraph, Member States may submit the documents referred to under points (a), (b) and (c) for the final accounting year by 15 February 2026.’

Article 15

Amendment to Regulation (EU) No 223/2014 [FEAD]

Regulation (EU) No 223/2014 is amended as follows:

- (1) In Article 13, paragraph 5 is replaced by the following:

‘5. The Member State shall submit a final report on implementation of the operational programme together with the closure documents as set out in Article 52, by 15 February 2026 at the latest.’

- (2) In Article 22, the following paragraph 2a is added:

‘2a. In the case of costs reimbursed pursuant to points (b), (c), (d) and (e) of Article 26(2), the corresponding actions being reimbursed shall be carried out by the submission of the final application for an interim payment for the final accounting year in accordance with Article 45(6).’

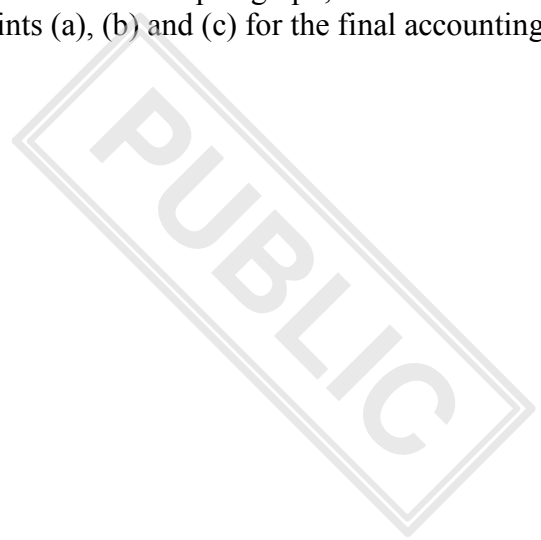
- (3) In Article 45, the following paragraph 6 is added:

‘6. By way of derogation from paragraph 2, the deadline for the submission of the final application for an interim payment for the final accounting year shall be 31 July 2025. The last application for interim payment submitted by 31 July 2025 shall be deemed to be the final application for an interim payment for the final accounting year.

Amounts reimbursed by the Commission as interim payments in 2025 shall not exceed **10** % of the total financial appropriations to the programme concerned. Amounts that would be due to be paid by the Commission in 2025 exceeding this percentage shall not be paid and shall be used exclusively for the clearing of pre-financing at closure.’

- (4) In Article 48, the following subparagraph is added:

‘By way of derogation from the deadline set out in the first subparagraph, Member States may submit the documents referred to under points (a), (b) and (c) for the final accounting year by 15 February 2026.’



Article 16

Amendments to Regulation (EU) 2021/523 [InvestEU]

Regulation (EU) 2021/523 is amended as follows:

(1) Article 3 is amended as follows:

(a) the following point is added in paragraph 1:

‘(h) supporting investments contributing to the STEP objectives referred to in Article 2 of Regulation .../...³⁴ [STEP Regulation]’

(b) the following point is added in paragraph 2:

‘(e) supporting financing and investment operations related to the areas referred to in Article 8(1), point (e).’

(2) Article 4 is amended as follows:

(a) In paragraph 1, the first subparagraph is replaced by the following:

‘The EU guarantee for the purposes of the EU compartment referred to in Article 9(1), point (a), shall be **[EUR 33 652 310 073]** in current prices. It shall be provisioned at the rate of 40 %. The amount referred to in Article 35(3), first subparagraph, point (a), shall be also taken into account for contributing to the provisioning resulting from that provisioning rate.’;

(b) paragraph 2, second subparagraph is replaced by the following:

‘An amount of **[EUR 18 827 310 073]** in current prices of the amount referred to in the first subparagraph of paragraph 1 of this Article shall be allocated for the objectives referred to in Article 3(2).’;

(c) the fourth subparagraph of paragraph 2 is replaced by the following:

‘The indicative distribution of the EU guarantee for the purposes of the EU compartment is set out in Annex I to this Regulation. Where appropriate, the Commission may depart from the amounts referred to in Annex I by up to 15 % for each objective referred to in Article 3(2), points (a) to (e). The Commission shall inform the European Parliament and the Council of any such departure.’

³⁴ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

- (3) In Article 7(3), a second subparagraph is added:

‘By way of derogation from the first subparagraph, when support from the financial instruments is combined in a financial product in a subordinated position to the EU guarantee under this Regulation and/or EU guarantee established by Regulation (EU) 2015/1017, the losses, revenues and repayments from financial products as referred to in paragraph 1, as well as potential recoveries, may also be attributed on a non pro rata basis between the financial instruments and the EU guarantee under this Regulation and/or EU guarantee established by Regulation (EU) 2015/1017.’

- (4) Article 8 is amended as follows:

- (a) In paragraph 1, the introductory wording is replaced by the following:

‘1. The InvestEU Fund shall operate through the following **five** policy windows that shall address market failures or suboptimal investment situations with their specific scope:’;

- (b) In paragraph 1, the following point (e) is added:

‘(e) a STEP policy window, which comprises investments contributing to the STEP objectives referred to in Article 2 of Regulation .../... [STEP Regulation]’.

- (5) In Article 10, the second subparagraph of paragraph 4 is replaced by the following:

‘Where no guarantee agreement has been concluded within **12** months from the conclusion of the contribution agreement, the contribution agreement shall be terminated or prolonged by mutual agreement. Where the amount of a contribution agreement has not been fully committed under one or more guarantee agreements within twelve months from the conclusion of the contribution agreement, that amount shall be amended accordingly. The unused amount of provisioning attributable to amounts allocated by Member States pursuant to the provisions on the use of the ERDF, the ESF+, the Cohesion Fund and the EMFAF delivered through the InvestEU Programme laid down in Regulation (EU) 2021/1060 or to the provisions on the use of the EAFRD delivered through the InvestEU Programme laid down in the CAP Strategic Plans Regulation shall be re-used in accordance with those respective Regulations. The unused amount of provisioning attributable to amounts allocated by a Member State under Article 4(1), third subparagraph, of this Regulation shall be paid back to the Member State.’

- (6) Article 13(4) is ~~replaced by the following~~ **amended as follows**:

(a) paragraph 4 is replaced by the following:

‘4. **At least** 75 % of the EU guarantee under the EU compartment as referred to in Article 4(1), first subparagraph, amounting to **[at least EUR 25 239 232 554]**, shall be granted to the EIB Group. The EIB Group shall provide an aggregate financial contribution amounting to **[at least EUR 6 309 808 138]**. That contribution shall be provided in a manner and form that facilitates the implementation of the InvestEU Fund and the achievement of the objectives set out in Article 15(2).’;

(b) the second subparagraph of paragraph 7 is replaced by the following:

‘Contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) under the EU guarantee referred to in the first subparagraph of Article 4(2) shall be signed at the latest by 31 August 2026. In other cases, contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) shall be signed by 31 December 2028’.

(7) In Article 23, the following paragraph 3 is added:

‘3. In the context of the procedures referred to in paragraphs 1 and 2 of this Article, the Commission shall take into account any Sovereignty Seal awarded under Article 4 of Regulation .../... [STEP Regulation] to a project’.

(8) Article 24(2) is amended as follows:

(a) the first subparagraph is replaced by the following:

‘The Investment Committee shall meet in **five** different configurations, corresponding to the **five** policy windows referred to in Article 8(1).’

(b) The fifth subparagraph is replaced by the following:

‘Four members of the Investment Committee shall be permanent members of each of the **five** configurations of the Investment Committee. At least one of the permanent members shall have expertise in sustainable investment. In addition, each of the **five** configurations shall have two experts with experience in investment in sectors covered by the corresponding policy window. The Steering Board shall assign the Investment Committee members to the appropriate configuration or configurations. **A non-permanent member may be assigned to maximum two configurations, subject to fulfilling the requirements for both of them.** The Investment Committee shall elect a chairperson from among its permanent members.’

(9) In Article 25, point (j) is added to paragraph 2 as follows:

‘(j) provide advisory support to equity fund managers active in the areas referred to in point (e) of Article 8(1).’

(10) In Article 26, the following paragraph 5 is added:

‘5. In addition to paragraph 4, implementing partners shall also examine projects having been awarded the Sovereignty Seal under Article 4 of Regulation .../... [STEP Regulation] whenever those projects fall within their geographic and activity scope’.

(11) In Article 35, paragraph 5 is added as follows:

‘5. By way of derogation from Article 16, second subparagraph, of this Regulation, financing and investment operations approved by the implementing partner as of 1 January 2023 until the signature of a guarantee agreement or of an amendment to an existing one encompassing the STEP Window may be covered by the EU guarantee, provided that those operations are indicated in the guarantee agreement, pass the policy check referred to in Article 23(1) or receive a favourable opinion within the framework of the procedure provided for in Article 19 of the EIB Statute and are in both cases approved by the Investment Committee in accordance with Article 24.’

(12) In Annex I, point (e) is added as follows:

‘(e) up to **[EUR 7 500 000 000]** for objectives referred to in Article 3(2), point (e).’

(13) In Annex II, point (16) is inserted as follows:

‘(16) scaling up, deployment and large-scale manufacturing of the critical technologies referred to in Article 2(1), point (a) of Regulation .../... [STEP Regulation], as well as the respective value chain referred to in Article 2(4) of that Regulation.’

(14) In Annex III, point (9) is inserted as follows:

‘7a. STEP

7a.1 Investment mobilised by technology area: i) deep and digital technologies, ii) clean technologies and iii) biotechnologies.’

7a.2 Jobs created or supported.

7a.2 Number of enterprises supported by technology area: i) deep and digital technologies, ii) clean technologies and iii) biotechnologies.

[Article 17

Amendments to Regulation (EU) 2021/695 [Horizon Europe]

Regulation (EU) 2021/695 is amended as follows:

(1) Article 12 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be **[EUR 86 623 000 000]** in current prices for the specific programme referred to in point (a) of Article 1(2) and for the EIT and **[EUR 9 453 000 000]** in current prices for the specific programme referred to in point (c) of Article 1(2).’

(b) in paragraph 2, points (b) and (c) are replaced by the following:

[(b) EUR 46 628 000 000 for Pillar II 'Global Challenges and European Industrial Competitiveness' for the period 2021 to 2027, of which:

- (i) EUR 6 775 000 000 for cluster 'Health';
- (ii) EUR 1 350 000 000 for cluster 'Culture, Creativity and Inclusive Society';
- (iii) EUR 1 276 000 000 for cluster 'Civil Security for Society';
- (iv) EUR 13 229 000 000 for cluster 'Digital, Industry and Space';
- (v) EUR 13 229 000 000 for cluster 'Climate, Energy and Mobility';
- (vi) EUR 8 799 000 000 for cluster 'Food, Bioeconomy, Natural Resources, Agriculture and Environment';
- (vii) EUR 1 970 000 000 for the non-nuclear direct actions of the JRC;

(c) EUR **13 237 000 000** for Pillar III 'Innovative Europe' for the period 2021 to 2027, of which:

- (i) EUR **10 052 000 000** for the EIC;
- (ii) EUR 459 000 000 for European innovation ecosystems;
- (iii) EUR 2 726 000 000 for the EIT;']

(2) In Article 46, the following paragraph 4a is inserted:

‘4a. By derogation from Article 209(3) of the Financial Regulation, repayments including reimbursed advances, revenues and unused amounts net of fees and costs of EIC blended finance of the EIC pilot under Horizon 2020 shall be considered to be internal assigned revenues in accordance with Article 21(3), point (f) and Article 21(4) and (5) of the Financial Regulation. The time restriction of two years set out in the second subparagraph of Article 209(3) of the Financial Regulation shall apply as from the date of entry into force of Regulation .../...³⁵ [STEP Regulation]’.

(3) In Article 48, the following point (d) is added in the first subparagraph:

‘(d) equity-only support required for scale-up to non-bankable SMEs, including start-ups, and non-bankable small mid-caps, including entities which have already received support in line with points (a) to (c), carrying out breakthrough and disruptive non-bankable innovation in the critical technologies referred to in Article 2(1)(a) of Regulation .../... [STEP Regulation], financed under Article 3(b) of that Regulation.’]

³⁵ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

Article 18

Amendments to Regulation (EU) 2021/697 [EDF]

Regulation (EU) 2021/697 is amended as follows:

(1) Article 4 is amended as follows

(a) Paragraph 1 is replaced by the following:

‘1. In accordance with Article 12(1) of Regulation (EU) 2021/695, the financial envelope for the implementation of the Fund for the period from 1 January 2021 to 31 December 2027 shall be **[EUR 9 453 000 000]** in current prices.’

(b) in paragraph 2, points (a) and (b) are replaced by the following:

‘(a) **[EUR 3 151 000 000]** for research actions;

(b) **[EUR 6 302 000 000]** for development actions.’

(c) Paragraph 5 is added:

‘An amount of **[EUR 1 500 000 000]** in current prices of the amount referred to in paragraph 2 shall be allocated to calls for proposals or awards of funding supporting investments contributing to the STEP objectives referred to in Article 2(1), point (a)(i) of Regulation .../...³⁶ [STEP Regulation].’**1**

Article 19

Amendments to Regulation (EU) 2021/241 [RRF]

Regulation (EU) 2021/241 is amended as follows:

(1) In Article 7, the following paragraph 3 is added:

‘3. Without prejudice to paragraph 2, Member States may also propose to include in their recovery and resilience plan, as estimated costs, the amount of the cash contribution for the purpose of the Member State compartment pursuant to the relevant provisions of the InvestEU Regulation exclusively for measures supporting investment operations contributing to the STEP objectives referred to in Article 2 of Regulation .../...³⁷ [STEP Regulation]. Those costs shall not exceed 6 % of the recovery and resilience plan’s total financial allocation, and the relevant measures, as set out in the recovery and resilience plan, shall respect the requirements of this Regulation.’

³⁶ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

³⁷ Regulation .../... of the European Parliament and of the Council ... [insert full title and OJ reference].

(1a) In Article 21 the following paragraph is inserted:

‘1a. For the sole purpose of taking advantage of the possibility provided for in Article 7(3) and Article 4(3) of Regulation [STEP], Member States may make a reasoned request to the Commission to make a proposal to amend the Council implementing decisions referred to in Article 20(1) and (3) to include measures which support the objectives of Regulation [STEP] while complying with the provisions of the present Regulation.’

(2) In Article 29 the following paragraph 6 is inserted:

‘6. Prior to launching any calls for proposals or tendering procedures related to the STEP objectives, as defined in Article 2 of Regulation .../... [STEP Regulation], Member States shall make available the following information on the Sovereignty portal referred to in Article 6 of that Regulation:

- (a) geographical area covered by the call for proposal;
- (b) investment concerned;
- (c) type of eligible applicants;
- (d) total amount of support for the call;
- (e) start and end date of the call;
- (f) link to the website where the call will be published.’

Article 19a

Amendments to Regulation (EU) 2021/1755

In Regulation (EU) 2021/1755, the following Article is inserted:

'Article 4b

Transfer to European Regional Development Fund and the Cohesion Fund, the European Social Fund Plus (ESF+) and the Just Transition Fund

1. By [...]. Within one month from the entry into force of this Regulation, Member States whose average GDP per capita is below the EU average of the EU-27, measured in purchasing power standards (PPS) and calculated on the basis of Union figures for the period 2015-2017, may submit to the Commission a reasoned request to transfer all or part of the amounts of their provisional allocation set out in the implementing act of the Commission referred to in Article 4(5) to programmes supported by the European Regional Development Fund (ERDF), the Cohesion Fund³⁸, the European Social Fund Plus (ESF+)³⁹ or the Just Transition Fund (JTF)⁴⁰ exclusively to support measures and investments for achieving the objectives of the Strategic Technologies for Europe Platform ('STEP') as set out in Article 2(1) of Regulation (EU) [XXX/YYYY]. If the transfer request is approved, The Commission shall approve the transfer and amend that implementing act to reflect the adjusted amounts following the transfer, unless it considers that the transfer would undermine the achievement of the overall objective of the Reserve.
- ~~2. After consultation with the Member State concerned, the Commission shall object to a request for transfer according to paragraph 1 where such a transfer would undermine the achievement of the objectives of the Reserve. The Commission shall also object to the request where it considers that the Member State has not provided an adequate justification for the transfer with regard to the results to be achieved or the contribution to be made to the objectives of the Strategic Technologies for Europe Platform ('STEP').~~
3. Where the transfer affects the instalments already paid or to be paid as pre-financing, the Commission shall amend the implementing act referred to in Article 9(1) accordingly for the Member State concerned. In such a case, the Commission shall recover, in accordance with the Financial Regulation, all or part of the 2021, 2022 and 2023 instalments paid to that Member State as pre-financing. In that

³⁸ Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and the Cohesion Fund (OJ L 231, of 30.06.2021, p. 60)

³⁹ Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, of 30.06.2021, p. 21).

⁴⁰ Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).

case the recovered amounts shall be transferred to the respective programmes financed by the ERDF, the ESF+, the JTF or the Cohesion Fund.

4. Where a Member State chooses to transfer all or part of its provisional allocation to programmes financed by the ERDF, the ESF+, the JTF or the Cohesion Fund in accordance with this Article, the amounts to be spent for the purposes of Article 4(4), first subparagraph, shall be proportionately reduced.
5. Where a Member State chooses to transfer all of its provisional allocation to programmes financed by the ERDF, the ESF+, the JTF or the Cohesion Fund, Article 10(1) shall not apply.
6. Article 10(2) shall not apply to the amounts transferred to programmes financed by the ERDF, the ESF+, the JTF or the Cohesion Fund.”
7. Transferred resources shall be implemented in accordance with the rules set out in Regulation EU 2021/1060 and of the Fund to which the resources are transferred.

CHAPTER 3

FINAL PROVISIONS

Article 20

Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President

PUBLIC