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NOTE

From:	Presidency
To:	Delegations
No. prev. doc.:	13413/25
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, and amending Regulations (EU) 2021/696, (EU) 2023/588, (EU) [EDIP] *- Revised Presidency text*

Delegations will find attached a second Presidency text on the above-mentioned proposal with a view to the meetings of the Ad hoc Working Party on the Multiannual Financial Framework (European Competitiveness Fund) on 4 and 5 November 2025.

Changes in comparison to the Commission proposal (document 11770/1/25 REV 1) are marked in **bold** for additions and in ~~strikethrough~~ for deletions.

General scrutiny reservation: <u>All delegations</u>

PUBLIC

ANNEX

2025/0555 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

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

PUBLIC

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 43(2), Article 168(5), Article 172, first subparagraph, Article 173(3), first subparagraph, Article 175, first subparagraph, Article 182(4), Article 183 in conjunction with Article 188, second paragraph, Article 189(2), Article 192(1), Article 194(2), Article 212(2) and Article 322(1), point (a), 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 Committee,[1]

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

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

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[1] OJ C , , p. .
[2] OJ C , , p. .

Whereas:

(1) **[**This Regulation lays down an indicative financial envelope for the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation, which is to constitute the prime reference amount, within the meaning of the inter-institutional agreement on cooperation in budgetary matters, for the European Parliament and the Council during the annual budgetary procedure. For the purpose of this Regulation, current prices are calculated by applying a fixed 2% deflator.**]**

PUBLIC

(2) The Union is facing a defining period for its future, from a political, economic, social, environmental, climate and security perspective, including increased risks of conventional military threats. The Draghi report on the future of European Competitiveness[3] presented a new vision to reignite sustainable growth in Europe. The Letta report[4] outlined that Europe must leverage its Single Market to achieve a leadership position in the global competition. The Commission communication on the Competitiveness Compass[5] provided a roadmap for boosting competitiveness, building on the recommendations of these reports. The Commission communication on the Clean Industrial Deal[6] outlined the need to accelerate decarbonisation, reindustrialisation and innovation, bringing together climate action and competitiveness under one overarching growth. Sectorial Industrial Action Plans, such as Automotive, Steel and Metals and Chemicals aim to ensure the long-term competitiveness, sustainability, and resilience of the European industry. The State of the Digital decade 2025[7] highlights the urgent need to foster cooperation and increase public and private investments for strengthening Union's digital leadership, sovereignty and inclusiveness. The Joint White Paper on European Defence Readiness[8] underlines the need to massively and rapidly reinvest in defence in support of Europe's freedom of action. Moreover, the priorities of the Economic Security Strategy further underline the crucial need to secure the Union's technological edge and de-risk economic relations including by enhancing the resilience of supply chains and thereby reducing dependencies on others.

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3 The future of European competitiveness: Report by Mario Draghi, September 2024, https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en

4 Enrico Letta's Report on the Future of the Single Market, April 2024, https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf.

5 Competitiveness compass - European Commission

6 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final, 26.2.2025.

7 COM(2025) 290 final State of the Digital Decade 2025: Keep building the EU's sovereignty and digital future.

8 Joint Communication to the European Parliament, the European Council and the Council on 'European Economic Security Strategy', JOIN(2023) 20 final, 20.6.2023.

The European Ocean Pact outlines the need to enhance competitiveness and accelerate the strategic transition across the blue economy sectors, focussing especially on decarbonisation and scaling up innovation. As outlined in the Commission Communication on the Road to the next MFF,[9] the next Union long-term budget needs to be more focused, simpler, more flexible, and predictable and better deliver on the Union priorities, including bolstering the Union competitiveness.

(3) To regain and reinforce its competitive edge, it is essential that the Union revives the innovation cycle by developing its disruptive innovation capacity and investing in emerging, cutting-edge and strategic technologies with significant economic potential. To ensure its autonomy in the global economy, the Union should guarantee its technological and industrial leadership in strategic sectors, starting with critical raw materials supply chains, to develop and manufacture strategic technologies in Europe, as well as mitigate risks affecting its security and resilience emanating from critical external dependencies. This can be done by addressing market failures and suboptimal investment situations, in a proportionate manner and without crowding out private funding, considering the high investment needs for delivering on Union priorities, including for decarbonisation and the digital transition. Greater emphasis should be put on leveraging private sector participation by improving the use of risk-sharing mechanisms between Union funds and private investors, to ensure an efficient use of public funding. This will build upon and further amplify the impact of the progress achieved on the Savings and Investment Union, which will provide the necessary regulatory landscape for private investments to thrive. The use of any additional national resources is without prejudice to the application of Articles 107 and 108 TFEU.

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[9] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The road to the next multiannual financial framework, COM(2025) 46 final, 11.2.2025.

(4) This requires that Union funding offers support to businesses and projects along the entire investment journey. This journey encompasses all stages of developing and manufacturing strategic technologies, products and services in Europe, from applied research, through all forms of innovation, scale-up, industrial deployment, to manufacturing and market deployment, including the necessary investment and operational costs support, infrastructure and skills. The investment journey is not linear as all stages feed each other, and ideas for new products or services might arise at any stage. European funding needs to cater for this non-linear reality with increased flexibility of providing support preserving predictability for funding.

(5) This also requires that Union funding facilitates the creation and expansion of innovative and industrial ecosystems, where different actors interact in a synergetic way. Successful ecosystems feature intensive and agile interactions and collaboration between small and large companies, universities research institutions, infrastructure providers, investors as well as public authorities. Without such collaborations within and between individual innovation and industrial ecosystems, innovation potential stays unexploited.

(6) Digital connectivity is crucial to foster collaboration within the ecosystem, accelerating innovation, enabling seamless and secure access to critical digital capacities and solutions across the Union, facilitating cross-border public-private partnerships, and fostering interoperability and cost-effectiveness.

(7) Therefore, the purpose of the ECF is to establish an investment capacity to support European competitiveness in strategic technologies, infrastructures, products and services and sectors, providing for a more seamless investment journey. It will promote the creation, collaboration, and expansion of innovation, private finance and industrial ecosystems.

(8) In the EU, persistent disparities in competitiveness and innovation performance across regions continue to exist. After sustained efforts at both EU and national level to close the innovation gap, it is time to unlock the full potential of every region. By ensuring that less-developed regions are effectively connected to EU value chains, the Union as a whole will be better positioned to compete globally.

PUBLIC

(9) The EU outermost regions and overseas countries and territories represent unique and strategic assets that benefit the Union as a whole – including proximity to third countries, exceptional conditions for space and astrophysics research, abundant renewable energy potential, rich biodiversity, and extensive maritime zones. The ECF should leverage their potential as geostrategic outposts, particularly in support of the Union's objectives on security, preparedness, regional value chains, and competitiveness.

(10) The Commission should ensure tight coordination and synergies between all Union founding sources in the MFF. For this purpose, the Framework Programme for Research and Innovation will be tightly linked to the ECF: to ensure that the European industry leverages research results funded by the Union to further innovate and produce in Europe. In order to foster synergies, the work programmes adopted under this Regulation should integrate in a specific and dedicated part and ensure coherence with the 'Competitiveness' component, Part II 'Competitiveness and Society' of the Regulation (EU) [XXX][10] of the European Parliament and of the Council [Horizon Europe Framework programme for Research and Innovation][11] in accordance with the committee procedure set out in this Regulation. Besides, the ECF shall ensure coherence with the types of actions planned to be implemented under the Innovation Fund, notably when developing work programmes.

(11) In order to foster synergies between actions under the ECF and the Innovation Fund, the work programmes of the ECF should ensure coherence with the priorities and types of actions that could be funded under the Innovation Fund. Together, the ECF, Horizon Europe, and the Innovation Fund will provide coherent support to the Union competitiveness.

(12) Moreover, to foresee a strong connection with the Competitiveness Coordination Tool, the work programme of the ECF should ensure coherence with the selected projects and competitiveness priorities identified under the Tool.

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10 OJ L.., p

11 COM(2025) 543

(13) Cooperation between public and private sectors can benefit European competitiveness and leveraging private investments is necessary to complete the objectives of the ECF. Therefore, it should be possible to implement parts of the ECF budget through public-private partnerships together with other public and private entities, where this is the most effective implementation form to achieve the policy objectives established for research and technological development, while ensuring additionality and avoiding the crowding-out of private investments. Public-private partnerships in the form of Joint Undertakings should be established where a close involvement of the Union is required and should ensure appropriate voting rights for the Union as well as sufficient co-investment by other partners to leverage Union support. In view of fostering synergies and efficiencies, it is necessary, based on the assessed needs, to ensure a centralised establishment and administrative functions for joint undertakings. Therefore, the number of joint undertakings should be as limited as possible.

(14) The ECF should use the whole toolbox of Union budget to unlock additional public and private investments, in particular from institutional investors throughout the whole investment journey. It should contribute to creating an "investment culture" by better leveraging public funds and the de-risking potential of the Union budget. It will maximise the added value of Union action and crowd-in private capital to secure a competitive innovation and industrial base, also by using innovative funding instruments including public-private co-investment with asymmetric risk returns. In this regard, the use of financial instruments that crowd in private investors should be the privileged option wherever possible.

(15) The Draghi report calls for more investment support to close the investment gap and recognises InvestEU as the key risk-sharing instrument to use. **[**The ECF InvestEU Instrument should set up a single budgetary guarantee and deliver financial instruments to support EU competitiveness.**]**

PUBLIC

(16) In a fast-changing economic, social, security and geopolitical environment, recent experience has shown the need for a more flexible multiannual financial framework and its programmes. **[**To that effect, and in line with the objectives of the ECF, the funding should take due account, in the budgetary procedure, of the evolving policy needs and Union's priorities as identified in relevant documents published by the Commission while ensuring the necessary predictability for the implementation of investments.**]**

(17) The ECF should facilitate access to funding from Union programmes through user-centric, fast, simpler and harmonised procedures and improve coherence among Union instruments and with Member States investments. The ECF should put beneficiaries of Union funding, and notably industry, SMEs, start-ups and scale-ups, including those established under the upcoming 28th regime, at the centre of the design of Union funding instruments.

(18) **[**The ECF should operate through four policy windows that mirror Union's key policy priorities: Clean Transition and Industrial Decarbonisation; Digital Leadership; Health, Biotech, Agriculture and Bioeconomy;Resilience and Security, Defence industry and Space.**]**

(19) Infrastructure is an essential enabler for European competitiveness. Investments in infrastructure are a necessary condition for the proper functioning of the EU's single market, the green and digital transition and for increasing the Union's resilience and security. For example, the trans-European transport network fosters sustainable forms of transport, promotes improved multimodal and interoperable digital and transport solutions, thereby contributing to a smooth functioning of the internal market. The trans-European networks for energy are key for a genuine Energy Union to enable the Union's energy and climate objectives by connecting Union countries' electricity and clean energy networks to ensure our energy independence and competitiveness. For this, the development of cross-border interconnectors, domestic transmission and distribution grids is essential. The ECF support will work in coherence and complementarity with the Connecting Europe Facility (CEF). It is essential for Europe's competitiveness to provide for synergies between the development of trans-European networks in energy and transport with strong cross-border impact supported by CEF, and investment support for the decarbonisation, modernisation and expansion of transport, energy and digital infrastructure under ECF.

PUBLIC

(20) Furthermore, Trans-European digital networks are essential to interconnect national and international telecommunication networks, enabling seamless, secure cross-border access to high-performance computing, cloud, data and AI capacities. In this regard, it is essential to develop, protect and maintain the infrastructures for competitiveness, such as terrestrial backbone networks and submarine cable infrastructures, ensuring continuity of service in case of incidents as well as increasing the detection capacities in sea basins to enhance undersea cables, as highlighted by the Joint Communication 'EU Action Plan on Cable Security'.

(21) The competitive strength of the Union lies in its people. The Competitiveness Compass identifies promoting skills and quality jobs as a horizontal enabler. The European Council Conclusions highlight that "following the Commission communication of 5 March 2025 on a Union of Skills, further efforts should be made to enhance the acquisition, recognition and retention of skills across the EU, from the building of basic skills to engaging in life-long learning, reskilling and upskilling, in line with the European Pillar of Social Rights and its Action Plan". A strong dialogue is part of this. Human capital is key to the prosperity of the Union, its economic resilience and unique social market economy. It is essential to foster prosperity, including high quality jobs, by boosting productivity growth, making Union industries more competitive and innovative, attracting additional investments, and supporting a dynamic single market and enhanced economic security.

PUBLIC

The ECF should contribute to the Union of Skills[12] by supporting the development of a skilled workforce equipped with the specific skills needed in the strategic investment areas of the Fund, through life-long learning, education, training projects and apprenticeships, and the creation of attractive quality jobs accessible to all and by accompanying ECF investments with skills investment to alleviate skills shortages in the given strategic sector of the ECF and indicate when it is included. This includes a Skills Guarantee that should enable workers in sectors undergoing restructuring to upskill and reskill, in line with relevant national, regional and/or sectoral transition strategies. The ECF should support skills intelligence, upskilling and reskilling, and foster public-private partnerships between universities, VET providers, businesses, in particular SMEs, social partners and applied research institutes. The ECF could also support activities of University Alliances, also in cooperation with employers, to improve their delivery on innovation and the development of skills and talent.

PUBLIC

[12] Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The Union of Skills, COM(2025) 90 final, 5.3.2025.

(22) The ECF should contribute to the objectives of decarbonising the European industry by promoting the development and deployment of clean technologies. The ECF will support the implementation of the Clean Industrial Deal, turning the clean transition and decarbonisation into a driver of growth and competitiveness for European industries. To this end, the ECF will support decarbonisation with a technology neutral approach, while recognising a contribution of different technologies to grid balancing and sector coupling, to align in particular with the investment needs of energy intensive sectors. Furthermore, it should advance the implementation of the Affordable Energy Action plan, ensuring secure, affordable, efficient and clean energy for all Europeans. The ECF will contribute to the shift towards a decarbonised, circular, resource-efficient, climate-neutral, water resilient and bio-based economy. It will also support sustainable, nature-positive and resilient industrial production in energy-intensive industries in the Union, in line with the objectives of the forthcoming proposal for the Industrial Decarbonisation Accelerator Act. It should also support the objectives of the Regulation (EU) 2024/1724[13] of the European Parliament and of the Council (Net-Zero Industry Act), boosting the manufacturing capacity of net-zero technologies and the ramp up of production capacities and investing in related infrastructure. To decarbonise the transport sector, amongst others the ECF will also invest in sustainable fuels, the related infrastructure and mobile assets as well as in the modernisation and digitisation of transport.

(23) The ECF will also contribute to protect, restore and improve the quality of the environment, including water, coast, sea and soil, to reduce pollution, to halt and reverse biodiversity loss and tackle the degradation of terrestrial and marine ecosystems, while enhancing climate and water resilience. The ECF Clean Transition and Decarbonisation window should finance projects that contribute to these objectives.

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[13] Regulation (EU) 2024/1735 of the European Parliament and of the Council of 13 June 2024 on establishing a framework of measures for strengthening Europe's net-zero technology manufacturing ecosystem and amending Regulation (EU) 2018/1724 (OJ L, 2024/1735, 28.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1735/oj).

(24) Projects and activities under the Clean Transition and Industrial Decarbonisation window shall promote energy efficiency, integrated renewable energy, new energies, energy renovations, and innovative heating and cooling solutions.

(25) Union manufacturing productivity also depends on resource efficiency, with materials input representing a signification portion of production costs. Circular approaches to products and manufacturing boost resource productivity, whilst value retention activities such as remanufacturing, refurbishment and repair provide significant job opportunities. The ECF should contribute to the bioeconomy, circular economy and access to materials including biomaterials.

(26) The Union can become a global leader in digital technologies, such as artificial intelligence, digital identity, semiconductors, robotics, quantum technologies, space technologies and others by harnessing the untapped potential of our researchers and industries. The ECF should promote the development and deployment of digital solutions and infrastructures and capacities across the Union for the benefit of the European society and economy.

(27) Chronic underinvestment in the European tech sector is one of the main reasons for the lack of competitiveness of the Union, as compared to our global competitors. Moreover, European sovereignty in digital technologies and infrastructures has become key for our resilience, security and for democracy, as highlighted in the 2025 State of the Digital decade report which also underlined the remaining significant gaps to reach Union's 2030 goals, notably for the development of Artificial Intelligence (AI) and space technologies, semiconductors, 5G and digital skills.

PUBLIC

(28) While Europe's digital transformation is accelerating, the many critical dependencies on non-Union suppliers (from raw materials, advanced semiconductors, and AI chips to systems, infrastructures and services) require European alternatives that anchor the digital transformation in Europe's economy, with our shared values as the essential differentiator, including by leveraging the power of open-source technologies. Support for digital leadership is driven by regulatory and non-regulatory Union policy initiatives in the digital area such as the AI Act, AI Continent and AI Action Plan, the Apply AI Strategy, the Cloud and AI Development Act, the Data Union Strategy, the Digital Networks Act, the EU Quantum Strategy and the Quantum Act, the Cyber-Solidarity Act, the Cyber-Resilience Act and the Cybersecurity Act, the White Paper for European Defence-Readiness 2030, and the revision of the EU Chips Act, and by future policy initiatives. The digital areas to invest in include a number of critical frontier technologies such as Artificial Intelligence (AI) and AI-powered digital twins, robotics, semiconductors, autonomous or quantum technologies. They also include key infrastructures such as digital identity, cloud, high performance and quantum computing, communication, advanced underwater observation infrastructure, and sensing infrastructures, digital connectivity networks, including submarine cables, as well as cybersecurity, defence or space capacities. Fostering their uptake across private and public sectors makes our entire economy more competitive, secure, sovereign, and sustainable, fortifying societal resilience and preparedness. Moreover, interoperable digital technologies are driving the modernisation of the public sector, serving for the integration of the single market, which is our most valuable stepping stone for European digital start-ups to become globally competitive. Technological progress and innovation in every economic sector, and thus their productivity and competitiveness, are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the ECF.

PUBLIC

(29) Technological progress and innovation in every economic sector, and thus their productivity and competitiveness are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the Fund in the context of the activities developed in the different policy windows of the EDependency on high-risk suppliers in critical sectors can pose a strategic risk of foreign interference and jeopardise the Union's security, resilience and sovereignty. The NIS Cooperation Group, in cooperation with the Commission and the European Union Agency for Cybersecurity (ENISA), plays a key role in carrying out EU Coordinated security risk assessments of critical supply chains, taking into account technical and, where relevant, non-technical risk factors in accordance with Article 22 of Directive (EU) 2022/2555.[14]

(30) Europe must protect its security interest against suppliers which could represent a persistent security risk due to the potential interference from third countries as well as their security, notably cybersecurity. It is therefore necessary to reduce the risk of persisting dependency on high-risk suppliers in the internal market, including in the ICT supply chain, as they could have potentially serious negative impacts on security for users and companies across the Union and the Union's critical infrastructure in terms of the integrity of data and services as well as the availability of service. This restriction should be based on a proportionate risk assessment and associated mitigation measures as defined in the Union policies and laws.

[14] Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148; Text with EEA relevance, ELI: http://data.europa.eu/eli/dir/2022/2555/2022-12-27.

(31) A successful deployment of interoperability across borders and sectors has a substantial, untapped potential, especially for the competitiveness of European businesses. Therefore, it is imperative to invest in the development of pan-European digital public infrastructures encompassing interoperable, secure and sovereign digital networks, solutions and services to address the fragmented interoperability landscape across the Union, notably to transform the Member States' public sector into an interconnected, frictionless, and agile digital ecosystem. The implementation of interoperability by European public administrations at all levels is a precondition for a resilient and innovation-driven public sector which contributes to the Union's goals of competitiveness, technological sovereignty and security.

(32) To improve public health and strengthen the competitiveness of the Union, it is crucial to tackle the rise of communicable and non-communicable diseases through targeted health promotion and disease prevention strategies and continued investments, including into the pharmaceutical and medical devices sectors. Such action, coupled with fostering effective, accessible, and resilient health systems, can significantly boost workforce productivity by improving population health and alleviating labour shortages, while also supporting health systems that drive innovation. Leveraging health data is essential in those efforts, enabling informed decision-making. Moreover, fostering innovation by solidifying the evidence-based path from medical breakthroughs to marketable solutions is key to enhancing Union competitiveness and also beneficial to reinforcing supply security.

(33) The bioeconomy is a growth engine that allows Europe to make a success of the green transition, strengthen its competitiveness and strategic autonomy. Although Europe's bioeconomy is already reshaping industrial ecosystems, reinforcing strategic autonomy, and unlocking value across strategic sectors, it is crucial to strengthen investments, initiatives and strategies at Union and Member State level to bring it from niche to norm across Union sectors and regions to realise its potential, and in particular for key industries. There is a need to foster the competitiveness, sustainability, resilience and fairness of the agricultural, fisheries, aquaculture and forestry sectors, of rural and coastal areas and to contribute to long-term food security in the Union.

(34) Investments, initiatives and strategies are needed to close the innovation gap and accelerate the discovery, development, derisking, demonstration, scale-up of bioeconomy innovations, to support their market uptake, to provide finance along the innovation journey for start-ups and for scaling up high growth companies, to maximise resource efficiency and to secure sustainably sourced biomass supply. The bioeconomy contributes to decarbonisation, by providing sustainable alternatives to fossil-based products and processes, but also to circularity, the clean transition, carbon farming, biodiversity, ecosystem services, and nature restoration.

(35) Fostering the resilience of the European industry is essential for the Union to remain competitive even in times of crisis and is essential for Union's security. To ensure its resilience, the ECF should support actions aimed to reduce dependencies and diversify supply in strategic sectors such as the raw materials sector, thus reinforcing the Union capacities for a secure supply of sustainable critical raw materials along the whole value chain in line with the objectives of the Regulation (EU) 2024/1252 of the European Parliament and of the Council (Critical Raw Materials Act)[15] and the chemicals industry, underpinning almost all industry sectors. Pursuing an ambitious and mutually beneficial trade agenda is essential for the Union's ability to diversify its supply chains and effectively reduce dependencies.

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

(36) In addition, the geopolitical context, in particular Russia's war of aggression against Ukraine, has exposed the Union and its Member States to a high risk of materialisation of conventional military threats, in particularly to the ones bordering Russia, Belarus and Ukraine. Considering this, together with the threats on the rest of the EU borders,increased investment in defence is deemed a priority, including for projects such as the Baltic Defence Line and Eastern Border Shield. Defence industry and space are key ecosystems to ensure the European Union's resilience and strategic autonomy and increase the Union's readiness and preparedness in line with the White Paper for European Defence – Readiness 2030.[16] It also supports the Union's focus on sustainability, competitiveness, resilience and security and the Union position in the world. A strong European Defence Technological and Industrial Base (EDTIB) is an indispensable prerequisite of defence readiness and credible deterrence. It is also essential for the protection of European citizens, ensuring the Union's ability to respond to emerging security challenges, to support Ukraine, and to uphold Europe's position as a global actor. The EDTIB is recognised as a strategic asset, contributing to the Union's economic resilience and security, innovation, technological leadership and strategic autonomy. Across the Union and its Member States, the defence sector is evolving rapidly, with cutting-edge technologies and new actors playing an increasingly important role. Innovation cycles are also accelerating, with growing emphasis on rapid prototyping, testing and validation, including in real operational environments. To improve military mobility, investments in new civilian-military assets, including mobile assets and dual use infrastructure need to be developed. Coordinated and sustained support to the EDTIB is therefore key to reinforce the collective security of the Union and its Member States, the development of Union-wide defence projects of common interest, and Europe's defence readiness. **[**In relation to this, actions supporting the reinforcement of the Ukrainian defence technological and industrial base should be also financed, as its industry will be essential to support European increased defence needs.**]** To this end, the ECF shall be implemented taking into account the objectives of the Strategic Compass for Security and Defence and shall be consistent with the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP).

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16 Commission, the High Representative have present, White Paper for European Defence – Readiness 2030, 19.03.2025.

(37) Union Space technology, data and services have become indispensable in the daily lives of Europeans and play an essential role in preserving strategic interests. Space contributes to all sectors of the economy from agriculture to banking. It is a critical enabler for security and defence, and for the well-functioning and competitiveness of the economy for example by providing accurate position-services for a broad spectrum of sectors and users, ranging from aviation to maritime, and thereby playing a key role for Europe and European citizens' independence and sovereignty. Space is crucial for the achievement of EU's priorities and its strategic goals, including for economic prosperity and economic security, decarbonisation, green and digital transition. Space contributes to the economic security of the Union and its Member States. It also drives scientific research and technological innovation, with spill-over effects in a wide range of sectors. Finally, space offers a platform for international cooperation and space diplomacy to underpin the Union's position as a reliable partner on the global scene.

(38) Space components under the ECF are sensitive. Their services must be robust and completely reliable. The continuity of their services and a high-level of security must be ensured, even in the most serious crisis situations. The consequences of infringing those conditions could potentially have dramatic consequences for the security of the Union and its Member States. To that end, specific provisions for specific circumstances should apply.

(39) The ECF should also support the policy goals of a safer, more secure Europe that is better prepared against security threats, in particular by enhancing European industry competitiveness and strategic autonomy, including maritime and customs security, critical energy and transport infrastructure and civil preparedness. To address increasing security and hybrid threats like terrorism, organised crime, cybercrime, climate disasters and attacks on critical infrastructure, the ECF should support Europe's efforts to increase its threat awareness, build resilience and boost security investments, and promote preparedness by design across relevant sectors.

PUBLIC

(40) Increasingly, we see the same technologies used for market and defence applications, often driven by startups innovators. It is therefore imperative to seek measures to better exploit the potential civil-defence synergies and of dual-use technologies. Dual-use technologies, materials, knowledge, or products that can be used for both civilian and military purposes may be supported across the ECF, to ensure a better connection of the Union's technological industry to its defence industrial base as well as to the technological innovation capital of Europe.

(41) **[**To ensure predictability for stakeholders and provide a sufficient level of certainty for investment planning, the ECF should set out an indicative budget distribution across the policy windows for the period 2028 to 2034 while maintaining flexibility to reallocate parts of the budget in accordance with new challenges and emerging priorities throughout the duration of the Multiannual Financial Framework.**]** To this extent, it should be ensured that a certain minimum budget envelope is available for long-term planning and commitments broken down over several years into annual instalments in each policy window, allowing the Union to consolidate its demand and enter into strategic long-term relations with recipients give long-term predictability to industry and financial ecosystem, and enable the setup of important Union infrastructures, such as for hydrogen and industrial carbon management, world-class satellite systems, underwater observation infrastructures, cybersecurity, semiconductors quantum, AI and high-performance computing or critical infrastructure, and defence or space projects of common interest.

(42) **[**To achieve the important objectives and manage the ECF, a sufficient level of resources for the implementation of the ECF should be provided. The budget envelope should therefore provide a sufficient contribution to the cost of managing the ECF.**]**

PUBLIC

(43) Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council applies to this basic act. It lays down the rules on the establishment and the implementation of the general budget of the Union, including the rules on grants, prizes, non-financial donations, procurement, indirect management, financial instruments and budgetary guarantees. In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council,[17] Council Regulation (EC, Euratom) No 2988/95,[18] Council Regulation (Euratom, EC) No 2185/96[19] and Council Regulation (EU) 2017/1939,[20] the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions.

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17 Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/883/oj).

18 Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p. 1, ELI: http://data.europa.eu/eli/reg/1995/2988/oj).

19 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292,15.11.96, p. 2, ELI: http://data.europa.eu/eli/reg/1996/2185/oj).

20 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/1939/oj).

In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) is competent to investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council.[21] In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the European Court of Auditors and, as appropriate, to the EPPO, and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

(44) To promote the Union's competitiveness, in addition to its budget, wherever possible the ECF should attract and generate additional assigned external revenues. In this respect, the ECF should be open and facilitate synergies and cooperation for any financial or non-financial contributions that can support the competitiveness objectives, including from Member States, third countries and international organisations.

(45) To promote the resilience of the Union economy, notably by reducing strategic dependencies, the ECF should enable Union preference for support to manufacturing and developing strategic technologies and sectors located in the Union, notably for actions related to Union strategic assets, interests, autonomy or security, in line with Union law and its international commitments. It is essential that European funding contributes to the uptake of strategic technologies developed in the Union and funded through European funding. To support the development and manufacturing in the Union of strategic technologies funded by the Union, the ECF should allow to condition its support through control restrictions, asset transfers restrictions and supply restrictions to the use of specific products and technologies.

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[21] Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29, ELI: http://data.europa.eu/eli/dir/2017/1371/oj).

(46) ECF activities should be open for cooperation with third countries where this is in the interest of the Union. To that extent, the Union may associate, fully or partially, third countries to the activities under the ECF. Association should be subject to a fair balance as regards contributions and benefits of the third countries and ensure the protection of the financial and, where relevant, security interest of the Union.

(47) The ECF should be open and facilitate synergies with other Union activities that support policy areas closely linked with competitiveness, the including the Framework Programme for Research and Innovation, external policies and programmes in shared management with Member States. This should allow for the combination and cumulation of funding for actions supporting the objectives of more than one Union policy area. Cooperation between the Commission and Member States should be established to ensure consistency and complementarities between the ECF and the Regulation (EU) [XXX] [National and Regional partnership plans] Moreover, support from the Regulation (EU) [XXX] [National and Regional Partnership Plans] and from the ECF to projects that have been awarded the Competitiveness Seal should be facilitated, taking advantage of the assessment conducted prior to the attribution of the Seal and without prejudice to the State aid rules. The criteria for awarding the Competitiveness Seal should be designed in a manner that can enable to seal to also act as a quality guarantee providing assurances to institutional investors that the project has been appropriately vetted. The Competitiveness Seal should be awarded to high quality projects contributing to the objectives of the ECF**, including to strategic projects under CRMA, NZIA and CMA and other strategic projects identified in Union legislation**. The ECF may be implemented jointly with other Union programmes or other co-donors or co-investors, and those partners should be able to participate in evaluation committees for jointly funded award procedures. The implementation of all those synergy activities should be simple. Reporting and record-keeping requirements for recipients should be reduced, where possible to a single contractual reporting and payment stream with a single set of rules for all support provided.

PUBLIC

(48) Union support should focus on the achievement of policy objectives. In all cases, ECF funding should be provided in the form best able to achieve its objectives, while limiting administrative burden for recipients to the absolute minimum. When implementing the budget, the ECF should provide the full toolbox of Union support and ensure synergies between its supported policies, in particular by allowing for simplified common award procedures to pursue objectives of more than one policy. As such, the elimination of burdensome financial reporting through the widest possible use of financing not linked to cost should be pursued as a major simplification measure.

(49) **[**The ECF should support a diverse set of policies contributing to competitiveness, while providing a harmonised baseline set of eligibility criteria to provide policy steer and ensuring a sufficient level of protection of economic and security interests by focusing Union support on recipients in the Member States, including Overseas Countries and Territories. Where necessary, the ECF should establish specific eligibility conditions for strategic sectors and technologies, including underlying value chains, critical Union infrastructures and specific capabilities.**]**

(50) The ECF should be implemented through work programmes as set out in this Regulation. Work programmes could be adopted under an annual or multi-annual format. The latter could in particular be considered for the purposes of Union support provided for budgetary guarantees and financial instruments, with a view to provide predictability to implementing partners. The designated mode of implementation reflects the identified needs for directionality, flexibility, predictability and efficiency, required to meet the objectives of the Regulation. In accordance with Regulation (EU Euratom) 2024/2059, the work programmes and the call documents will set out more technical implementation details for the budget across the set of policies supported by the ECF, including specific eligibility and award criteria depending on the instrument of budget implementation, be it grant, or procurement, and the specific policy objectives pursued. In accordance with Article 136 of the Financial Regulation, eligibility restrictions should apply to high-risk suppliers, for security reasons. Work programmes are also the appropriate place to allocate budget in accordance with evolving policy priorities, and they should set out contributions, specific conditions and expected results.

PUBLIC

(51) For financial instruments and the budgetary guarantee to effectively crowd in private money, implementing partners need to be closely associated. This ensures policy steer and alignment, as well as project pipeline generation. The experience and lessons learnt with the implementation of the InvestEU Programme emphasise the importance of investment guidelines in creating this buy-in and providing the necessary predictability and visibility to the implementing partners and investors, in order for them to set up their organisational capacity and originate the pipeline of investments, while allowing the necessary flexibility to ensure an adequate policy steer during implementation. Investment guidelines should include detailed description of the policy areas of intervention and investment focus with a view to ensuring additionality and incentivise crowding in private and public investment in support of the Union's policy objectives and strategic projects. The investment guidelines should be prepared in consultation with implementing partners to benefit from their market knowledge, and enable them to invest in Union priority areas and incentivise them for more risk taking. **[**To cater for evolving needs and developments, the investment guidelines may be reviewed in the context of the MFF mid-term review.**]**

(52) Deep-tech scale-up financing under the Scaleup Europe Fund announced in the Startup Scaleup Strategy, existing at the time of the entry into force of the present Regulation, should be carried out under the terms agreed in the MFF 2021-2027. All scaleup financing under the MFF 2028-2034 should take place under the ECF.

(53) **[**To deliver on the objective of translating research results into markets and strengthening Union's industrial presence in strategic technologies and sectors, Regulation (EU) [XXX] [Horizon Europe framework programme for Research and Innovation] will be tightly linked with ECF and will support research and innovation activities as laid down by the policy windows of ECF. The ECF work programmes will include collaborative research and innovation actions, in a specific dedicated part. This may also include contributions to European Partnerships established under the Framework Programme for Research and Innovation, where necessary to achieve the ECF objectives. The ECF work programmes should also set out policy priorities that will steer EIC challenges.**]**

PUBLIC

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

(55) In order to foster competitiveness of European industry through industry-driven bottom-up innovation, the work programmes may include special 2-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia.

(56) A horizontal, cross-cutting funding toolbox should be set at the service of all policy windows, offering every form of support allowed by Regulation (EU, Euratom) 2024/2059, such as financial instruments, including support provided in the form of equity. The choice of the specific funding instrument and in particular whether support will be repayable or not, shall depend on the nature of the actions to be funded (for example underlying market failures, the specific need, the nature of the industry, the stage of development or type of the beneficiary). Union support should derisk projects to the degree necessary for the private sector to invest and for the project to be successfully delivered. **[**Co-financing rates should be as low as possible and as high as needed to realise the supported project.**]** A mix of funding tools could be used, including blending operations and combination of funding. The ECF should also provide each policy area with advice on the most appropriate funding tool to be used for its specific actions, depending on, inter alia, the development stage, the specific industry needs and underlying market failures.

(57) Multistakeholder consultations, including those of researchers and industry, the social partners, as well as investors, end-users and civil society, from SME, small to large organisations, should contribute to the priorities of the ECF. Those consultations should be structured via advisory boards including the ECF Stakeholder Board whose task should be to provide insights and advise the Commission on policy trends, on investment needs, and on the implementation of the ECF from the perspective of project promoters, with the aim to ensure that feedback from stakeholder communities is reflected in the design of work programmes.

PUBLIC

(58) Important Projects of Common European Interest (IPCEIs) are a state aid instrument and industrial policy tool assessed by the Commission pursuant to Article 107(3), point (b), TFEU[22]. They contribute significantly to economic growth, job creation, the green and digital transition and competitiveness and resilience of the Union industry and economy. IPCEIs make it possible to bring together knowledge, expertise, financial resources, and economic actors throughout the Union and create positive spillover effects for the entire Union. IPCEIs also allow to crowd-in private investments in high-risk projects that are essential to bring breakthrough innovation closer to industrial deployment and infrastructures projects of great importance to the Union with open and non-discriminatory access. **[**Given the commonalities of objectives pursued, the ECF will foster synergies between Union funding and IPCEIs by supporting specific projects integrated within IPCEIs, based on their contribution to Union strategic priorities, such as the resilience of the Union, and on the ability of ECF financing to broaden participation, notably of SMEs, or broaden Member State coverage, as well as increase Union added value.**]**

(59) **[**The ever-evolving geopolitical situation underlines the need for Europe to ensure its own strategic autonomy and avoid strategic dependencies. The ECF will include the possibility to support production ramp up and undertake accelerated competitiveness actions for projects that offer specific support to European strategic autonomy.**]** This is for example the case for projects that have been selected as strategic under Regulation (EU) 2024/1252 (Critical Raw Materials Act), Regulation (EU) 2024/1724 (Net Zero Industry Act) and the Regulation (EU) 2025/102 (Critical Medicines Act).

(60) The mutual insurance mechanism (MIM) set up pursuant to Horizon Europe and managed by the Commission has proved to be an important safeguard mechanism which mitigates the risks associated with the amounts due and not reimbursed by defaulting participants. Therefore, the MIM should be continued and, where relevant open to use by actions under the ECF.

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[22] Communication from the Commission, Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest C/2021/8481 (OJ C 528, 30.12.2021, p. 10).

(61) To explore all possible venues to improve European competitiveness, the ECF should provide a structured framework for targeted experimentation in the award and implementation of Union support, in particular to better target and accelerate Union award procedures and simplify and accelerate their implementation to the benefit of recipients. This should allow, within a concretely defined frame, to specify on a case-by-case basis certain actions or categories of actions to benefit from certain additions, derogations and exceptions from other Union legislation and to test the impact in a real-world environment for the limited period of the duration of the ECF while ensuring that appropriate safeguards, in particular a common European interest, are in place. The application of experimental measures may provide lessons for the assessment of future changes to the horizontal legal framework for the provision of Union support.

(62) Where necessary and duly justified, the ECF should provide a targeted intervention mechanism to deliberately provide Union support to certain actions of strategic and economic importance. Where certain important projects could not be successfully implemented within the timeline for completion of regular competitive award procedures, the ECF should also provide for the possibility of directly taking-up excellent projects that remained unfunded under any Union programme or continue to financially support well-working projects seamlessly in their next steps along the investment journey, without imposing additional administrative burden for the recipients. In addition, in line with the approach taken by the relevant sectoral legislation, such as the Net Zero Industry Act (NZIA), the Critical Raw Materials Act (CRMA) or Renewable Energy Directive (RED III) and referenced in the Clean Industrial Deal (CID) communication and the Single Market Strategy, cases in which specific projects are considered to be of public interest or presumed to be of overriding public interest may be identified in separate existing or future legislation.

PUBLIC

(63) **[**Where necessary and duly justified, the ECF should also be able to provide an 'accelerated intervention' mechanism to accelerate the provision of Union support to address urgent funding needs to enable the successful implementation of important business ideas in the single market where such funding is not available, at a sufficient level, on the market. For this purpose, due to the urgency, certain checks should be conducted only after the provision of funding, facilitating and limiting administrative burden for recipients and providing financial certainty in the fastest possible manner while accepting a reasonable level of financial risk to the Union commensurate with the objectives pursued.**]**

(64) Where necessary and duly justified, the ECF should incentivise start-ups and innovators established outside of the Union to relocate or invest, and to build up their business in the single market, by providing an 'inducement intervention' mechanism attracting successful start-ups and innovators from all over the world, drawing also on its network of EU Delegation. For this purpose, the eligibility requirements, for example as regards establishment in the Member States or associated countries at the start of Union support, should be temporarily waived to allow recipient to resettle within a set timeframe with the assurance of subsequent Union support. The financial interest of the Union should be duly protected, and payments should not be provided until the eligibility requirements are fulfilled.

(65) Where necessary and duly justified, the ECF should allow for a more flexible and accessible way of identifying, selecting and supporting innovative projects and ideas, including by providing for instrument-neutral award procedures that will allow researchers, entrepreneurs, companies and other citizens to propose their innovation solution without the initial artificial narrowing or limitation of Union support to a grant, procurement or other form of Union support. Ideas should be assessed and selected based on their merit in addressing the respective challenge or Union policy priority, and the most appropriate and effective instrument of budget implementation to support these ideas, whether grant, procurement or others, should be selected only afterwards based on the requirements and merits of the individual project.

PUBLIC

(66) Where necessary and duly justified, the ECF should also simplify and accelerate the implementation of Union support for certain important projects.

(67) The ECF InvestEU Instrument should provide the budgetary guarantee and financial instruments to mobilise additional investment across the Union to support European competitiveness in strategic technologies, services and sectors.

(68) The ECF InvestEU Instrument will be implemented by partners, including the European Investment Bank (EIB) Group, international financial institutions, the national promotional banks and institutions as well as export credit agencies. The open architecture will remain a key aspect of the ECF InvestEU Instrument, building on the broad collaboration and experience under the InvestEU Programme. The Commission and the EIB Group should work in partnership with the objective of supporting the implementation of the ECF InvestEU Instrument and fostering consistency, inclusivity, additionality, and efficient deployment.

(69) To avoid undue administrative burden and ensure a swift deployment and support to the market in continuity across programming periods, the implementation of the ECF InvestEU Instrument will build on the existing community of the InvestEU Programme pillar assessed implementing partners, contractual arrangements and relevant financial products. Moreover, to ensure sound financial management, a faster roll-out and simplification to entrusted entities, the implementation of the ECF InvestEU Instrument should build on existing agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting tools. This improves the impact of Union support and allows for more focus on efficiently supporting final recipients. The Commission may rely on and reuse in full or in part the agreements with implementing partners concluded under Regulation (EU) 2021/253, and on assessments made by itself or other entities in the context of agreements under that Regulation.

PUBLIC

(70) To provide implementing partners with broader access to the ECF InvestEU Instrument, the Commission should be able to conclude agreements in indirect management with all the categories of entities listed under Article 62(1), point (c), Regulation (EU, Euratom) 2024/2059. To unlock private capital, bodies established in a Member State, governed by the private law of a Member State or Union law should also be eligible to be exceptionally entrusted, following a positive pillar assessment, with the implementation of financial instruments or budgetary guarantees, including when combined with grants or with other forms of non-repayable support in blending operations, to the extent that such bodies are provided with adequate financial guarantees. Such bodies should be selected taking due account of the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity of those bodies, and their rules and procedures for verifying the economic viability of projects of final recipients. The selection should be transparent, justified on objective grounds and should not give rise to a conflict of interests.

(71) To ensure consistency, the budgetary guarantee and financial instruments, including when combined with non-repayable support in blending operations, under the ECF InvestEU Instrument should be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509.

(72) To ensure consistency in the implementation of budgetary guarantees, financial instruments and blending operations under different Union programmes, the Commission should develop guidance including technical arrangements, terms and conditions to deploy these forms of support under those programmes.

(73) To comply with the requirements of Regulation (EU, Euratom) 2024/2509, this Regulation should set out a maximum amount of the budgetary guarantee under the ECF InvestEU Instrument, a provisioning rate for that budgetary guarantee in line with Article 214(1) of Regulation (EU, Euratom) 2024/2509, and an obligation for the Commission to assess every year that provisioning rate following in accordance with the assessment referred to in Article 41(5) of Regulation EU, Euratom) 2024/2509 and in line with the Commission's risk management framework and the possibility for third parties and third countries to contribute specifically to the ECF InvestEU Instrument.

(74) **[**It is necessary to provide the possibility that the ECF InvestEU Instrument, including the budgetary guarantee, serves as a horizontal delivery tool for other Union policies, to provide support under other Union programmes in accordance with the objectives set out in those programmes. For that purpose, the corresponding provisioning of financial liabilities should be made by those other programmes. Where other Union programmes contribute to objectives of Union's internal policies, support in the form of a budgetary guarantee or financial instruments, including when combined with non-repayable support in a blending operation, should be provided exclusively through the ECF InvestEU Instrument.**]**

(75) The ECF InvestEU Instrument should provide a single, centralised place for establishment and management of a budgetary guarantee and all financial instruments contributing to objectives of Union's internal policies, which will contribute to improved efficiency and increase policy impact of Union financing. The financial products established under the InvestEU Regulation are State aid consistent within the meaning of the Article 212(2) of Regulation (Union, Euratom) 2024/2509. The Commission and the implementing partners should ensure that new financial products to be established under this Regulation are State aid consistent within the meaning of Article 212(2) of Regulation (Union, Euratom) 2024/2509 to ensure their swift deployment.

(76) Whereas European innovative start-ups and scale-ups are essential engines of growth and competitiveness, and acknowledging that they face persistent barriers to access necessary financing in the Union, the ECF InvestEU Instrument should provide targeted financial support to growing and scaling up companies in the Union at all stages — from inception and start-up to scale-up and industrial manufacturing. The ECF InvestEU Instrument should provide direct and indirect funding for European companies with a view to attract private investors — thereby unlocking the full potential of European entrepreneurship and investment. This will empower start-ups and scale-ups and reinforce the Union's global leadership in technology and industry, while bridging Europe's innovation and investment gaps and delivering on the ambition of the Savings and Investment Union. The ECF InvestEU Instrument would include a facility aiming to ensure that high-growth enterprises developing or deploying innovative technologies, including in areas important for the Union's strategic interests and economic security, can access adequate capital to scale up their businesses. It will mobilise investments from Europe's capital markets, in line with Union's policy priorities.

(77) A Project Advisory should be established to support objectives of the ECF, building on the of InvestEU Advisory Hub. It should unify advisory support to private and public entities across Europe, offering tailored services to potential beneficiaries and contribute to development of a pipeline of potential investment operations under the ECF. At the same time, role of business support services such as the EU for Business Network, among others, should be to make European businesses become more innovative and competitive, grow and scale in the Single Market and to raise awareness and contribute to capacity building on avenues for accessing capital market-based funding. To avoid undue administrative burden and ensure a swift deployment and support to the market in continuity, the ECF may rely on the existing community of the InvestEU Programme pillar assessed advisory partners.

(78) SMEs make up more than 99 % of all businesses in the Union, provide two thirds of jobs, and contribute substantially to the creation of new quality jobs in all sectors. Scaling firms exist across all sectors and levels of innovative prowess. Stimulating the Union's growth and innovation can only happen by boosting the many scalers that exist across the Union SME population. SMEs are essential to achieve the green and digital transformations of the economy, including the achievement of climate neutrality.

(79) However, access to finance is an important barrier for SMEs, especially for start-ups and scale-ups, as they often rely on external financing to support their growth plans. SMEs face further barriers to innovation and growth that do not affect larger firms to the same extent, for example the lack of entrepreneurial skills, lack of access technology infrastructure, difficulties in protecting intellectual property or accessing export markets and value chains in order to develop their internationalisation activities.

PUBLIC

(80) Evidence shows that direct financial support to SMEs is not enough on its own to support their scaling-up and that they need and benefit from dedicated advice at Union level. Providing advice on Single Market rules, innovation and access to finance contributes to Union competitiveness. Moreover, business support at local, regional and national level is diverse and should also connect less developed and outermost regions. Existing Union initiatives such as the Enterprise Europe Network, European Cluster Collaboration Platform and European Digital Innovation Hubs have helped bridge this gap. Accordingly, an 'EU for Business Network' shall be established, building on the Enterprise Europe Network (EEN), the European Cluster Collaboration Platform (ECCP) and other networks, to simplify and streamline advisory and partnership services.

(81) The ECF will support SME's access to finance and strengthen the competitiveness of the Union SMEs via two main avenues: First, in addition to the EU for Business Network, the ECF will also conduct additional cross-cutting activities focused on strengthening the competitiveness of SMEs. Second, the ECF policy windows should include dedicated SME actions targeting SMEs in strategic sectors, such as bonus systems to encourage SME participation, with a view to fostering SME innovation, growth and scaling-up. Special support may be granted for access to and the availability of finance for SMEs and small mid-cap companies across all sectors of the economy, including micro-finance, support for social enterprises. Furthermore, a flexible financial toolbox under the ECF should ensure that SMEs could receive the type of support that best fits their needs along their investment journey.

(82) To further support the principles of simplification and easy access to Union funding opportunities for beneficiaries, the ECF should offer a single portal centralising information on and access to all Union funding opportunities and support other activities. The single portal should facilitate and accelerate access to Union and other funding, financing and investments, streamlining the approach while building on the Funding and Tenders Portal, InvestEU Portal, Access to Finance Portal, STEP Portal and other relevant platforms. It should also be possible to directly apply for funding opportunities on the single portal.

PUBLIC

(83) [The ECF is to be implemented in accordance with Regulation (EU) [XXX][23] of the European Parliament and of the Council [Performance Regulation] which establishes the rules for the expenditure tracking and the performance framework for the Union budget, including rules for ensuring a uniform application of the principles of 'do no significant harm' and gender equality referred to in Article 33(2), points (d) and (f), of Regulation (EU, Euratom) 2024/2509 respectively, rules for monitoring and reporting on the performance of Union programmes and activities, rules for establishing a Union support portal, rules for the evaluation of the programmes, as well as other horizontal provisions applicable to all Union programmes such as those on information, communication and visibility.]

(84) In a rapidly changing economic, social and geopolitical environment, recent experience has shown the need for a more flexible multiannual financial framework and Union programmes. [To that effect, and in line with the objectives of the ECF, the funding should duly consider the evolving policy needs as identified in relevant documents published by the Commission, in Council conclusions and European Parliament resolutions, while ensuring sufficient predictability for the budget implementation.]

(85) In order to achieve the general and specific objectives of the ECF, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of changes to the maximum amount of the budgetary guarantee and the provisioning rate, as well as in respect of certain measures in support of space policy. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.[24] In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

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[23] OJ L.., p

[24] OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj.

(86) In order to ensure uniform conditions for the implementation of the ECF through certain measures set out in work programmes as well as certain measures in support of space policy, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.[25]

(87) Although work programmes and other acts implementing this Regulation concern specific budget implementation tasks which do not require a conferral of implementing powers and which should not normally fall within the scope of implementing acts referred to in Regulation (EU) No 182/2011, the advisory procedure should be used for the adoption of certain acts as defined in this Regulation, including work programmes implementing activities for clean transition, health, biotech, agriculture and bioeconomy, and digital leadership, resilience and security, defence industry and space, given that those acts should be fully supported and create synergies with national and shared management activities conducted by the Member States. Due the sensitivity and particular importance of synergies and full coordination with Member States in the area of resilience and security, defence industry support and space, the examination procedure should be used for the adoption of work programmes in these areas.

(88) The Commission should adopt immediately applicable implementing acts in duly justified cases where a work programme has not been adopted sufficiently prior to the year of budget implementation in order to ensure business continuity of Union support, in particular of critical operational activities, such as satellite systems and critical infrastructures, or need to be adopted in expedited fashion to immediately react to a crisis or other similar exceptional and duly substantiated emergencies, imperative grounds of urgency so require.

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

(89) The ECF replaces the programmes established by Regulations (EU) 2021/522,[26] (EU) 2021/694,[27] (EU) 2021/696,[28] (EU) 2021/697,[29] (EU) 2021/783,[30] (EU) 2023/588,[31] , repeals provisions of Regulations (EU) 2021/696, (EU) 2023/588 and (EU) [EDIP].

PUBLIC

[26] Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014 (OJ L 107, 26.3.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/522/oj).

[27] Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (OJ L 166, 11.5.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/694/oj).

[28] Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU (OJ L 170, 12.5.2021, p. 69, ELI: http://data.europa.eu/eli/reg/2021/696/oj).

[29] Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149, ELI: http://data.europa.eu/eli/reg/2021/697/oj) .

[30] Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013 (OJ L 172, 17.5.2021, p. 53, ELI: http://data.europa.eu/eli/reg/2021/783/oj).

[31] Regulation (EU) 2023/588 of the European Parliament and of the Council of 15 March 2023 establishing the Union Secure Connectivity Programme for the period 2023-2027 (OJ L 79, 17.3.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/588/oj).

HAVE ADOPTED THIS REGULATION:

Chapter I

General Provisions

Section 1

OBJECTIVES AND STRUCTURE OF THE FUND

Article 1

[Subject Matter]

1. **[**This Regulation establishes the European Competitiveness Fund (the 'ECF'), including a specific programme on defence research and innovation referred to in Article 182(3) TFEU and lays down the objectives of the ECF, its budget for the period 2028-2034, the forms of Union support and the rules for providing such support under cross-cutting activities and specific policies supported by the ECF.

2. This Regulation lays down:

   (a) A 'Clean Transition and Industrial Decarbonisation' window – implemented through the activities set out in Chapter II and Chapter IV, and contributing to the specific objectives set out in Article 3(2), point (a);

   (b) A 'Health, Biotech, Agriculture and Bioeconomy' window – implemented through the activities set out in Chapter II and Chapter V, and contributing to the specific objectives set out in Article 3(2), point (b);

   (c) A 'Digital Leadership' window – implemented through the activities set out in Chapter II and Chapter VI, and contributing to the specific objectives set out in Article 3(2), point (c);

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(d) A ‘Resilience and Security, Defence Industry, and Space’ window – implemented through activities set out in Chapter II and Chapter VII, including the specific programme for defence research and innovation referred to in paragraph 1, and contributing to the specific objectives set out in Article 3(2), point (d).

3. The Regulation also sets up a legal framework aiming at ensuring security of supply, removing investment obstacles and production bottlenecks and supporting the competitiveness of the Union’s industrial base.**]**

Article 2

Definitions

1. For the purposes of this Regulation, the following definitions apply:

(1) ‘Advisory agreement’ means a legal instrument whereby the Commission and the advisory partner specify the conditions of the implementation of the project advisory services;

(2) ‘Advisory partner’ means an eligible counterpart such as a financial institution or other entity with whom the Commission has concluded an advisory agreement for the purpose of implementing one or more advisory initiatives, other than advisory initiatives implemented through external service providers contracted by the Commission or through executive agencies;

(3) ‘Compartment’ means a part of the ECF InvestEU Instrument defined by the origin of the resources backing the support;

(4) ‘Control’ means the ability to exercise a decisive influence over a legal entity directly, or indirectly through one or more intermediate legal entities;

(5) ‘Executive management structure’ means the body of a legal entity appointed in accordance with national law, and which, where applicable, reports to the chief executive officer or any other person having comparable decisional power, and which is empowered to establish the legal entity’s strategy, objectives and overall direction, and oversees and monitors management decision-making;

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(6) ‘EIB Group’ means the European Investment Bank (EIB), its subsidiaries, and other entities established under Article 28(1) of Protocol No 5 on the Statute of the European Investment Bank (the EIB Statute);

(7) ‘guarantee agreement’ means a legal instrument whereby the Commission and an implementing partner specify the conditions for proposing financing and investment operations in order for them to be granted the benefit of the ECF InvestEU Instrument guarantee, for providing the budgetary guarantee for those operations and for implementing them in accordance with this Regulation;

(8) ‘Imperative public interest’ means, for the purpose of Article 20, an overriding reason for providing Union support for a certain action, or set of actions, due to a clear and significant contribution to the achievement of policy objectives under the ECF, which justifies the application of accelerated and simplified rules to the award;

(9) ‘Implementing partner’ means an eligible financial institution or intermediary with whom the Commission has concluded a guarantee agreement;

(10) ‘Important project of common European interest’ (IPCEI) means a project that fulfils all the criteria laid down in the Commission Communication on Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest or any subsequent revision of that Communication;

(11) ‘Investment journey’ means the continuum of public and private financial support and policy support mechanisms provided to recipients across its entire development chain, including a comprehensive series of activities involved in the allocation of financial resources and provision of support to foster innovation and economic growth. This journey includes, but is not limited to, the initiation from fundamental and applied research phases, progressing through stages of scaling up, industrial deployment, and advancing to the culmination in full-scale manufacturing and industrial maturity and internationalisation;

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(12) ‘Financing and investment operations’ or ‘financing or investment operations’ means operations to provide finance directly or indirectly to final recipients through financial products, carried out by an implementing partner in its own name, provided by the implementing partner in accordance with its internal rules, policies and procedures and accounted for in the implementing partner’s financial statements or, where applicable, disclosed in the notes to those financial statements;

(13) ‘Legal entities’ means a legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programme (SEAP), established in accordance with Regulation (EU) [XXX][32] of the European Parliament and of the Council [EDIP], which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of the Financial Regulation;

(14) ‘Policy window’ means a targeted area for support by the ECF Toolbox as specified in Article 3(2);

(15) ‘Pre-commercial procurement’ means the procurement of research and development services involving risk-benefit sharing under market conditions where there is a clear separation of the research and development services procured from the deployment of commercial volumes of end-products;’

(16) ‘Project advisory’ means advisory that supports investment, including capacity building and market development activities, and business acceleration services provided by advisory partners, by external service providers contracted by the Commission or through executive agencies;

(17) ‘Competitiveness Seal’ means a quality label awarded to a proposal submitted to a call for proposals that meets all the quality requirements set out in the award procedure but might receive support from other Union or national funding sources;

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(18) ‘Small mid-cap company’ means an entity as defined in the Commission recommendation 2025/3500 final;

(19) ‘Small and medium-sized enterprise’ or ‘SME’ means a micro, small or medium-sized enterprise within the meaning of the Annex to Commission Recommendation 2003/361/EC;

(20) ‘Stakeholders' means individuals, groups, or organizations that are affected by and can be involved in the programme implementation;

(21) ‘Infrastructure’ means all physical and virtual elements necessary for the provision of services and economic activities, including networks, grids and assets, as well as mobile assets linked to infrastructure, fostering decarbonisation, resilience, efficiency, digitalisation, and interoperability;

Article 3

Objectives

1. The general objective of the ECF is to ~~increase European~~**strengthen the Union's** competitiveness, notably in strategic sectors and technologies along the investment journey by:

(a) delivering technological, economic**, social** and environmental impact from the Union's investments, including by developing disruptive and incremental innovation, and emerging, cutting-edge, dual-use, and strategic technologies with significant economic potential, including by **raising productivity and** developing and accelerating their manufacturing and industrial **and market** deployment;

(b) reducing or preventing the Union’s strategic dependencies, and reinforcing the Union’s resilience, **sovereignty** and economic security, including through diversifying sources and markets, support to ramp up of ~~European~~**the Union's** production of strategic technologies and creating, strengthening and ~~protecting~~**safeguarding** critical Union value chains and infrastructure**, including from hybrid and cyber threats**;

(c) addressing market failures and suboptimal investment situations, ~~including~~**especially** by crowding in private capital and institutional investors as well as **crowding in** public funding in a proportionate manner, while avoiding duplication and without crowding out private investors; serving as an integrated platform for delivering targeted financial support to companies across all development phases ~~start-ups, scale-ups, and strategic companies~~, including those actively pursuing manufacturing, industrial and market deployment;

(d) furthering the integration of Union capital markets in ~~alignment~~**line** with the objective of delivering **the** Savings and ~~Investment~~**Investments** Union, including ~~solutions~~**tools** to address the fragmentation of Union capital markets, eliminate barriers and create incentives for private investments and diversify and reinforce the sources of financing for Union enterprises in all the Member States, including those with less developed capital markets;

(e) aligning research, innovation and industrial policy support to translate Union's research excellence into Union industrial strength on global markets and securing the future of manufacturing in Europe;

(f) developing **and strengthening** Union cross-border and critical infrastructure ~~key to~~**essential for** the Union's competitiveness, ~~and~~ strategic independence **and resilience** in particular **for** energy ~~and~~**,** transport, digital ~~and~~**,** security, defence ~~and~~**,** space ~~infrastructure as well as~~**and** social infrastructure**,** and related data and services;

(g) strengthening the competitiveness of SMEs and small mid-cap companies established in the Union and their ability to grow and scale up, in particular by improving their access to finance, including private investment, micro-finance and support to social enterprises as **well as** facilitating access to Union funding, through faster, simplified and harmonised procedures~~;~~ **and** reducing and ensuring a proportionate reporting burden;

(h) **promoting quality jobs and** addressing shortages of skills critical to all kinds of ~~quality jobs~~**employment** in strategic sectors for EU competitiveness, through both horizontal and specific skills investment, contributing to the availability of skills in future emerging technologies, and by pursuing to accompany investments with skills investment ~~and indicate when it is included~~;

(i) ensuring the integration of the Single Market, including by supporting initiatives at any stage of the investment journey with positive spill-over effects for the Single Market and resilience of its value chains;

(j) ~~supporting actions for the development, implementation, and monitoring of relevant Union legislation and policy;~~

(k) ensuring a just transition to a sustainable, decarbonised and digital economy that is fair and ~~supporting~~**supportive of** workers and communities~~.~~**;**

(ka) supporting actions for the development, implementation, and monitoring of relevant Union legislation and policy.

2. Under the general objectives set out in paragraph 1, the ECF shall in particular pursue the following specific objectives:

(a) For support to Clean Transition and Industrial Decarbonisation, the specific objectives of support to decarbonisation of European industry, including SMEs and energy intensive industries, clean tech manufacturing and its supply chains, and contributing to the shift towards a sustainable, circular, energy-, water- and resource-efficient, climate-neutral and resilient economy. This includes the uptake by industries of decarbonisation technologies and other solutions for their industrial processes and activities, as well as the decarbonisation of energy supply, promotion of energy efficiency, the uptake of renewable and clean energy solutions, the development of energy system flexibility, the uptake of lead markets for clean products , the development, resilience, integration and digitalisation of the energy and transport infrastructures and systems, boosting smart mobility and sustainable alternative fuels, as well as boosting the sustainable blue economy, the development of innovative nature-based business models and demand side solutions for clean and decarbonised buildings, transport and industry, and production ramp up contributing to Europe's strategic autonomy.

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(b) For support to Health, Biotechnology, Agriculture and Bioeconomy:

(1) For support to health, the specific objectives of fostering innovation and competitiveness of the health sector while ensuring supply security and the industrial capacity and capability to manage future serious cross-border threats to health; improving and protecting public and population health, by prioritising health promotion and disease prevention across the life span through a health-in-all and One Health policies approach, and by strengthening innovation and resilience of health systems.

(2) For support to biotechnology, the specific objectives of contributing to the development and scalable production and uptake, availability and accessibility of medicinal products, medical devices, diagnostics and other medical countermeasures.

(3) For support to bioeconomy policy, the specific objectives of fostering an innovative and competitive bioeconomy in the Union, including in the areas of biobased materials and products, biomanufacturing, innovative food products and biochemicals; including support to SMEs, start ups and scaleups, contribute to the development and scalable production and uptake, availability and accessibility of bioeconomy innovations, including those based on cross-sectoral cutting-edge biotechnology; strengthen supply chains and increase their resilience.

(4) For support to the agriculture and food security, the specific objective of fostering the competitiveness, sustainability, and resilience of the agriculture, fisheries and aquaculture, forestry and rural and coastal areas and their role in the transition to a climate-neutral climate-resilient, water-smart, nature-positive economy and the protection of natural resources biodiversity while contributing to long term food security in the Union.

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(c) For support to Digital Leadership policy, the specific objectives of fostering innovation and competitiveness of digital sector for a competitive and secure Union and bringing its benefits to citizens and society, public administrations and businesses across the Union. This shall include, but not be limited to, supporting the entire digital value- and supply-chains and activities including support to start-ups, scale-ups and SMEs, in particular along the following dimensions: Achieving leadership in digital and AI technologies, including through technology transfer and innovation, and through cutting-edge infrastructures such as AI-powered digital twins; Achieving technological sovereignty by building resilient digital ecosystems and ensuring a high-level of cybersecurity in the Union; Enabling the power of digital for businesses and citizens by deploying advanced digital applications and services, infrastructures, capacities and capabilities and by reinforcing interoperability across the Union, Including support to digitalisation of companies, including SMEs, small mid-cap companies, start-ups and scale-ups; Supporting the digital transformation and interoperability of public and private sectors through the rapid uptake of AI, the wallet technologies, such as EU Digital Identity Wallets and trust services established pursuant to Regulation (EU) No 910/2014 and the forthcoming European Business Wallets and other digital innovative solutions. Support to cultural and creative industries, complementing the AgoraEU programme.

(d) For support to 'Resilience and Security, Defence Industry and Space' policy, respectively the specific objectives of:

(1) For support to resilience of supply chains, the specific objectives of reinforcing Europe's resilience by strengthening the Union capacity in exploration, extraction, processing and recycling of raw materials and diversifying supply sources and markets, and improving the timely availability of such products, including through the reduction of their delivery lead time, reservation of manufacturing slots or stockpiling of products, intermediate products or raw materials.

(2) For support to EU defence industry. the specific objectives of promoting defence industrial readiness of the Union and its Member States through the strengthening of the competitiveness, responsiveness and ability of the European Defence Technological and Industrial Base (EDTIB), including support to start-ups, scale-ups and SMEs, fostering an innovative EU defence ecosystem; Collaborative research and development of defence products and technologies, including disruptive technologies for defence; Cooperation throughout the life-cycle of defence equipment, in particular in defence procurement and for the development of European defence projects of common interest; Adjustment of industry to structural changes.

(3) For the implementation of EU space systems and space policy, the specific objectives of developing, maintaining and operating space systems, providing cutting-edge space-based information, data and services supporting Union policies, notably in the area of security, defence, sustainable growth, environment protection and climate resilience, global engagement and strategic independence; Maximising the socio-economic benefits of space-based activities, in particular by fostering the development of an innovative and competitive Union space economy and supporting the development of a genuine Single Market for space activities, including collaborative research and innovation for space products and technologies and support to SMEs; Enhancing the safety, security and sustainability of all outer space activities; Promoting the role of the Union as a global actor in the space sector.

(4) For support to civil industrial security, the specific objectives of strengthening the competitiveness and responsiveness of the European civil security industry, in the application areas of security, resilience of critical and dual-use infrastructures, technologies including critical energy infrastructure, and solutions for the control of goods and persons at borders, the protection of borders, maritime security, customs security and civil preparedness against security threats, as well as reinforcing the capabilities of the relevant end-users in the civil security sector.

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Article 4

[Budget]

1. **[**The indicative financial envelope for the implementation of the ECF for the period from 1 January 2028 to 31 December 2034 shall be EUR 234 300 000 000 in current prices.

2. The indicative distribution of the amount referred to in paragraph 1 shall be as follows:

   (a) EUR 11 000 000 000 for activities contributing to the general objectives referred to Article 3, as implemented in particular through cross-cutting activities such as non-thematic support of the ECF InvestEU Instrument, referred to in Chapter II, Section 2; Project Advisory, SME Collaboration, skills development and Access to Funding, referred to in Chapter III;

   (b) EUR 26 210 000 000 for the specific objectives referred to in Article 3(2), point (a);

   (c) EUR 20 393 000 000 for the specific objectives referred to in Article 3(2), point (b);

   (d) EUR 51 493 000 000 for the specific objectives referred to in Article 3(2), point (c);

   (e) EUR 125 204 000 000 for the specific objectives referred to in Article 3(2), point (d);

3. Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.

4. Appropriations may be entered in the Union budget beyond 2034 to cover the expenses necessary to fulfil the objectives set out in Article 3, to enable the management of actions not completed by the end of the period referred to in paragraph 1 of this Article, as well as expenses covering critical operational activities and services.

5. The financial envelope referred to in paragraph 1 of this Article and the additional resources referred to in Article 5 may also be used for technical and administrative assistance for the implementation of the ECF, such as preparatory, monitoring, control, audit and evaluation activities, corporate information technology systems and platforms, information and communication activities, including corporate communication on the political priorities of the Union, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the ECF.**]**

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SECTION 2

SINGLE RULEBOOK

Article 5

Additional resources

1. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, may make additional financial or non-financial contributions available to the ECF, or **to** any of its specific activities or objectives referred to in Article 3(2), including specific contributions to the ECF InvestEU Instrument budgetary guarantee and financial instruments as referred to in Article 21. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

2. Resources allocated to Member States under shared management may, at their request, in accordance **with** Article X of Regulation (EU) [XXX][NRPF regulation], be made available to the ECF. The Commission shall implement those resources directly or indirectly in accordance with Article 62(1), point (a) or (c) of Regulation, (EU, Euratom) 2024/2509. ~~They~~**Those resources** shall be additional to the amount referred to in Article 4. ~~Those resources~~ **and** shall be used for the benefit of the Member State concerned. Where the Commission has not entered into a legal commitment under direct or indirect management for additional amounts thus made available to the ECF, the corresponding uncommitted amounts may, at the request of the Member State concerned, be transferred back to one or more respective chapters of the Plan or their successors.

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

PUBLIC

4. **[**[From 1 January 2028 / programme start date], by way of derogation from the first, second and fourth subparagraphs of Article 212(3) of Regulation (EU, Euratom) 2024/2509, revenue, repayments and recoveries from financial instruments funded from this Regulation, its predecessor, and those referred to in Annex IV of Regulation (EU) 2021/523 shall be used to provide Union support under the ECF. By way of derogation from point (f) of Article 21(3) and in accordance with Article 21(5) of Regulation (EU, Euratom) 2024/2509, these resources shall constitute external assigned revenue to the ECF.**]**

5. **[**[From 1 January 2028 / programme start date], by way of derogation from point (a) of Article 216(4) of Regulation (EU, Euratom) 2024/2509, any surplus of provisions for the budgetary guarantees established by Regulations (EU) 2015/1017[2] and (EU) 2021/523[3] may be used to provide Union support under the ECF. These resources shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation 2024/2509 to the ECF.**]**

Article 6

Alternative, combined and cumulative funding

1. The ECF shall be implemented in synergy with other Union programmes. An action that has received a Union contribution from another programme may also receive another contribution under the ECF. The rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules may be applied to all contributions and a single legal commitment may be concluded. If the Union contribution is based on eligible costs, the cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

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2. Award procedures under the ECF may be jointly conducted under direct or indirect management with Member States, Union institutions, their departments, bodies and agencies, third countries international organisations, international financial institutions, or other third parties, provided the protection of the financial interests of the Union as well as of the security and defence interests of the Union and its Member States is ensured. Such procedures shall be subject to a single set of rules and lead to the conclusion of single legal commitments. For that purpose, the partners may make resources available to the ECF in accordance with Article 5 of this Regulation, or the partners may be entrusted with the implementation of the award procedure, where applicable**,** in accordance with Article 62(1), point (c), of Regulation (EU, Euratom) 2024/2509. In joint award procedures representatives of the partners to the joint award procedure may also be members of the evaluation committee referred to in Article 153(3) of Regulation (EU, Euratom) 2024/2509.

Article 7

Coordination

1. The Commission shall ensure the consistent implementation of the European Competitiveness Fund, the Framework Programme for Research and Innovation and the Innovation Fund.

2. The Commission and Member States shall, in a manner commensurate ~~to~~**with** their respective responsibilities, facilitate coordination and coherence between **the** European Competitiveness Fund and national and regional partnership plans on common competitiveness priorities in selected key areas and projects deemed of strategic importance and of common European interest.

3. The ECF ~~will~~**shall** be implemented in synergy with other Union funds, including the Global Europe Fund~~, in particular~~ to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies**, as well as the Connecting Europe Facility, Erasmus+ and AgoraEU**.

Article 8

Competitiveness Seal

1. **Where the work programme provides for the possibility to award** a Competitiveness Seal**, it shall** ~~may~~ be awarded to high-quality **proposals or** actions which shall comply ~~at least~~ with the following **cumulative** conditions:

   (a) they have been assessed in an award procedure under the ECF;

   (b) they comply with the minimum quality requirements of that award procedure;

   (ba) they comply with any additional conditions that may be set out in the work programme or the documents related to the award procedure.

2. ~~The work programme or the documents related to the award procedure may set out additional conditions.~~

3. Member States may support projects which have been awarded a seal, or may provide support through the ECF by making additional resources available to the ECF in accordance with Article 5(1) or (2).

4. ~~Strategic projects under CRMA, NZIA, CMA and other~~ Strategic projects identified in Union legislation that fulfil the conditions in paragraph 1, ~~will be directly~~**points (a) and (b), shall be** granted the Competitiveness Seal.

Article 9

Eligibility

1. Eligibility criteria shall be set to support achievement of the general and specific objectives referred to in Article 3 of this Regulation, in accordance with Regulation (EU, Euratom) 2024/2509 and apply to all award procedures under the ECF.

2. Provided any specific condition laid down within each policy window or component are met, one or more of the following categories of legal entities may be eligible to receive Union support in award procedures under direct and indirect management:

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(a) entities established in a Member State or in Overseas Countries and Territories;

(b) entities established in an associated ~~third~~ country;

(c) international organisations;

(d) other entities established in non-associated third countries where the funding of such entities is essential for implementing the action and contributes to the objectives set out in Article 3.

3. In addition to Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509, associated third countries referred to in Article 11(1) of this Regulation and international organisations may, where relevant, participate in and benefit from any procurement mechanisms set **out in** Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509. Rules applicable to Member States pursuant to Article 168 of Regulation (EU, Euratom) 2024/2509 shall be applied, mutatis mutandis, to participating associated third countries and international organisations.

4. In award procedures, the following activities shall not be eligible for support:

(a) activities that are prohibited by Union law, applicable international law, or by national law in all Member States;

(b) activities that are already fully financed from other public or private sources~~,~~**.**

~~(c)~~**4a.** In accordance with Article 136 of the Financial Regulation, eligibility restrictions shall apply to high-risk suppliers in line with EU law, for security reasons.

5. The work programme or the documents related to the award procedure may further specify the eligibility criteria set out in this Regulation ~~or set out additional eligibility criteria for specific actions~~.

6. Representatives of third countries or international organisations shall not be present in deliberations on ~~eligibility/award~~**eligibility** criteria.

Article 9a

Award criteria

1. Where applicable, award criteria shall be laid down in the work programmes referred to in Article 15, taking into account, to the extent applicable, the following elements:

(a) an assessment of the quality of the proposals submitted in the light of the objectives set out in Article 3;

(b) an assessment of the expected results of the proposals and their impact on achieving the objectives set out in Article 3;

(c) the ability of the proposals to support specific activities in Chapters III, IV, V, VI and VII, Sections 1, 3 and 4, considering the nature of the activities.

2. Actions in the specific dedicated part of work programmes on collaborative research and innovation activities as referred to in Article 15(2) of this Regulation shall be assessed by the award criteria set out in Article [X] of Regulation [XXX] [Horizon Europe].

3. Representatives of third countries or international organisations shall not be present in deliberations on award criteria.

4. This article shall not apply to work programmes adopted to implement the activities under Chapter VII, Section 2.

Article 10

[EU Preference]

1. **[**The ECF support shall target development manufacturing and exploitation in the Union of strategic technologies and sectors, in line with Union law and international commitments. The award procedures may apply any of the conditions set out in paragraph 2 to protect Union's strategic and economic security interests, as well as security and critical assets and the services they provide.

PUBLIC

2. The work programme, the investment guidelines or the documents related to the award procedure may set out eligibility conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate, including through preferential conditions such as restrictions or incentives for Union entities, while limiting distortion of the single market. Those eligibility conditions may take the form of:

(a) participation and performance restrictions requiring participating entities to be established, use facilities, or perform activities in the Member States, and where appropriate other eligible countries. The work programme or the documents related to the award procedure may set out further details on the application of these participation and performance restrictions;

(b) transfer restrictions requiring recipients of ECF funding, during or within 5 calendar years after the end of an action, to not directly or indirectly transfer all or certain operations, results or related access and use rights, including granting of licences, from an eligible Member State or associated country to an ineligible third country. Otherwise, Union funding may be reduced and may be fully or partially recovered. The work programme or the documents related to the award procedure may set out further details on the application of these transfer restrictions;

(c) supply and content restrictions requiring recipients of ECF funding to ensure a certain minimum use or sourcing of equipment, supplies and materials, or their components, used for the action from eligible entities referred to in paragraph 2, points (a) and (b), unless those supplies and materials cannot be reasonably sourced from those eligible entities. The work programme or the documents related to the award procedure may set out further details on the application of these supply and content restrictions;

PUBLIC

(d) control restrictions requiring recipients of ECF funding to acquire and/or hold the ability to decide, without restrictions imposed by ineligible entities, on the creation and use of results, including the legal authority and practical capability to modify, substitute, or remove components of results that are subject to restrictions imposed by ineligible entities or third countries. The work programme or the documents related to the award procedure may set out further details on the application of these design authority restrictions;

3. Award procedures affecting security, defence or public order, in particular concerning strategic assets and interests of the Union or its Member States are to be restricted in accordance with Article 136 of Regulation (EU, Euratom) 2024/2509. Those eligibility restrictions may, in particular, include:

(a) as regards the participating entities, executive management structures restrictions and ownership and control restrictions limiting participation of all or certain entities to those entities with executive management structure, as well as ownership and control by natural or legal persons, established in the Member States, and where appropriate other eligible countries;

(b) as regards the implemented activities, place of performance, use of facilities, or equipment restrictions limiting the use for all or certain activities to those assets located or originating in the Member States, and where appropriate other eligible countries;

(c) as regards other security restrictions, security reviews and risks assessments, security clearances, transfer and access rights restrictions, including granting of licences to ensure appropriate safeguards for all or certain results and other information generated or used by the action.**]**

PUBLIC

Article 11

Association of third countries to activities under the ECF

1. The ECF may be opened to the participation of the following third countries through full or partial association, in accordance with the objectives laid down in Article 3 and in accordance with the relevant international agreements or any decisions adopted under the framework of those agreements and applicable to:

   (a) members of the European Free Trade Association which are members of the European Economic Area, as well as Andorra, Monaco and San Marino;

   (b) acceding countries, candidate countries and potential candidates;

   (c) European Neighbourhood Policy countries;

   (d) other third countries.

2. Provided any possible specific conditions laid down within each policy window or component are met by the interested third country, the Association Agreements for programme participation in the ECF shall:

   (a) ensure a fair balance ~~as regards~~**between** the contributions and benefits of the third country participating in the ECF;

   (b) lay down the conditions of participation in the programmes, including the calculation of financial contributions, consisting of an operational contribution and a participation fee, to the ECF and its general administrative costs;

   (c) not confer on the third country any decision-making power in the programme;

   (d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests;

   (e) ensure the protection of strategic, security, defence and public order interests of the Union and its Member States.

PUBLIC

3. For the purposes of point (d), the third country shall grant the necessary rights and access required under Regulations (EU, Euratom) 2024/2509 and (EU, Euratom) No 883/2013, and guarantee that enforcement decisions imposing a pecuniary obligation on the basis of Article 299 TFEU, as well as judgements and orders of the Court of Justice of the European Union, are enforceable. and ensure that its competent authorities cooperate with the European Public Prosecutor's Office (EPPO) in the investigations and prosecutions of criminal offences affecting the Union's financial interests in accordance with applicable international agreements or other applicable rules.

4. Separate specific agreements may be concluded in accordance with Article 218 TFEU for activities under the ECF related to security, the provision of secured services and critical assets to the EU.

Article 12

Implementation and forms of Union support

1. The ECF ~~is to~~**shall** be implemented through work programmes in accordance with Article 110 of Regulation (EU, Euratom) 2024/2509.

2. The ECF shall be implemented in accordance with Regulation (EU, Euratom) 2024/2509, under direct management or under indirect management with entities referred to in Article 62(1), point (c) of that Regulation.

3. Award procedures implemented under the ECF, shall comply with the general provisions of the ECF as set out in Chapters I and II of this Regulation, which, in case of conflict, shall prevail over any other rules pertaining to the activities or subsequent implementing acts.

4. Where award procedures concern more than one specific objective laid down in Article 3(2), the work programme may specify that the award procedure is implemented under a single set of rules by applying directly Regulation (EU, Euratom) 2024/2509, complemented by the general rules set out in Chapter I and II, or by applying the rules of one of the concerned specific objectives.

PUBLIC

5. ~~In certain duly substantiated circumstances, Union funding may be granted without a call for proposals in accordance with~~**As referred to in** Article ~~198~~**192** of Regulation (EU, Euratom) 2024/2509, **grants shall be awarded following a publication of calls for proposals, except in the cases referred to in Article 198 of that Regulation,** including with point (e).

6. Union support may be provided in any form in accordance with Regulation (EU, Euratom) 2024/2509, in particular grants, prizes, procurement, non-financial donations, budgetary guarantees, and financial instruments.

7. Where Union support is provided in the form of a budgetary guarantee and financial instruments, including when combined with other forms of non-repayable support in blending operations, it shall be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509 .

8. Where Union funding is provided in the form of a grant, including when combined in blending operations with other forms of repayable support not supported by the Union budget, funding shall be provided in accordance with Title VIII of Regulation (EU, Euratom) 2024/2509 and in the form of financing not linked to costs in accordance with Article 125(1), point (a), of that Regulation (EU, Euratom) 2024/2509, or, where necessary, **and in accordance with the same regulation,** simplified cost options. Funding may be also provided in the form of actual eligible cost reimbursement where the objectives of an action cannot be achieved otherwise or where this form is necessary to enable other sources of funding, including financing from Member States.

9. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, for actions implementing research and innovation activities, the evaluation committee may be composed partially or fully of independent external experts.

10. Contributions to a mutual insurance mechanism set out in Article 30 of the Framework Programme for Research and Innovation may cover the risk associated with the recovery of sums due by recipients and shall be considered as a sufficient guarantee under Article 155 of Regulation (EU, Euratom) 2024/2509. No additional guarantee or security shall be accepted from beneficiaries or imposed upon them.

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11. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through Public-Private or Public-public Partnerships established under the Framework Programme for Research and Innovation, in particular by entrusting budget implementation tasks, in accordance with Article 62(1), point (c) of Regulation (EU, Euratom) 2024/2509, to joint undertakings established pursuant to 187 TFEU. Support from the ECF shall be conditional upon efficient use of Union financing, a proportionate financial contribution from other partners at least matching the Union contribution and voting rights for the Union in the governing bodies ensuring protection of the interests of the Union in the partnership. For that purpose, joint undertakings shall be established through a single establishing act ensuring centralised administrative functions.

12. In addition to the grounds set out in Article 132 of Regulation (EU, Euratom) 2024/2509, award procedures and resulting legal commitments shall allow for termination where the objectives of the action are unlikely to be achieved at all or within the set timelines, or the action has lost its policy relevance

Article 13

Application of the rules on classified information and sensitive information

1. The Commission shall protect classified information in accordance with the security rules set out in Commission Decision (EU, Euratom) 2015/444.[33]

2. Each Member State and associated country shall ensure that it offers a degree of protection of EU classified information equivalent to security rules set out in Council Decision 2013/488/EU.[34] Equivalence of protection in third countries shall be established by security of information agreement adopted in accordance with Article 218 TFEU.

3. A secured exchange system shall be used to facilitate the exchange of classified information and sensitive information with the Member States and, where appropriate, other recipients.

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[33] Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information, OJ L 72, 17.3.2015, p. 53–88.

[34] Council Decision of 23 September 2013 on the security rules for protecting EU classified information, OJ [sr] L 274 , [sr] 15/10/2013, p. 1–50.

4. Union institutions, bodies and agencies involved in the implementation of the Union budget shall have access to information, including classified information, necessary for the purpose of carrying out the award procedures, implementing actions, including reporting and payments, as well as checks, reviews, audits, and investigations.

5. To ensure compliance with the requirements set out in Regulation (EU, Euratom) 2024/2509, including the principles of transparency and equal treatment, in all stages of the award procedures involving classified information, administrative data necessary to evaluate, award and audit Union support, limited to legal, financial and procedural information, shall be treated as sensitive non-classified information.

SECTION 2A

GOVERNANCE

Article 13a

Advisory role of the ECF General Committee

The ECF General Committee defined under Article 83(1), point (a) shall, in addition to its role as a committee within the meaning of Regulation (EU) 2011/182, advise the Commission and provide recommendations by:

(a) providing advice on the overall direction for the ECF, on long-term competitiveness trends, on areas of market failures and on suboptimal investment situations;

(b) providing advice on potential actions to support SMEs and startups;

(c) facilitating cooperation among Member States and exchange of information on issues related to this Regulation.

Article 14

~~Governance and Advisory Boards~~ECF Strategic Stakeholders Board

1. ~~A~~**An ECF** Strategic Stakeholders Board is established.

2. The members of the ECF Strategic Stakeholders Board shall be appointed by the Commission, following an open call for nominations or for expressions of interest, or both, whichever the Commission finds more appropriate, and taking into account the need for balance in sector, organisation type, including private investors, and size, expertise, gender, age and geographical distribution. The term of members the Board shall be limited to four years, renewable once. Members of the Board ~~should~~**shall** act with integrity and probity.

3. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the ECF ~~Stakeholder~~**Strategic Stakeholders** Board. Members of the Board shall be bound by these terms.

4. The ECF Strategic ~~Stakeholder~~**Stakeholders** Board, informed by an observatory on emerging technologies, shall advise on the overall direction for the ECF, advise on long-term competitiveness trends, advise on areas of market failures and suboptimal investment situations that could be addressed in the implementation of the ECF, and advise on the identification of strategic portfolios of projects within and across activities of the ECF, for which it may be composed in different policy-oriented configurations.

~~11~~**4a**. The Commission shall ensure that stakeholders are consulted in the development of the work programmes, with the creation of one or several thematic platforms per window.

Article 14a

ECF InvestEU Instrument governance

5. An independent Investment Committee shall be established under the ECF InvestEU Instrument (the 'Investment Committee').

6. The composition of the Investment Committee shall ensure that it has a wide knowledge of the sectors covered by the ECF and a wide knowledge of the geographic markets in the Union, and shall ensure that the Investment Committee as a whole is gender-balanced.

PUBLIC

7. The Investment Committee shall examine the proposals for financing and investment operations submitted by implementing partners for coverage under the Union guarantee and verify the compliance with the applicable rules of the proposals for financing under the ECF InvestEU Instrument.

8. The Advisory Board on ECF InvestEU Instrument shall be composed of one representative of each implementing partner and one representative of each Member State. The Advisory Board on ECF InvestEU Instrument shall, provide advice on the design of financial products and on the strategic and operational direction in its area of competence. It shall also provide advice on the coordination with the EIC to ensure complementarity with other Union funding or private investments. The Advisory Board shall be chaired by a representative of the Commission.

9. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the Investment Committee and the Advisory Board on ECF InvestEU Instrument.

10. The Commission and Implementing partners shall establish regular Policy Review Dialogues to discuss progress with the implementation of the financial products and engage on relevant policy developments.

PUBLIC

Chapter II

ECF TOOLBOX

SECTION 1

GRANTS, PROCUREMENT AND INDUSTRIAL POLICY COORDINATION TOOLS

PUBLIC

Article 15

Work Programmes

1. The work programmes ~~may~~**shall** set out:

(a) actions and associated budget from ECF as well as actions set out in the specific dedicated part of the work programmes indicated in paragraph 2;

(b) instruments and form of funding;

(c) eligibility and**, where applicable,** award criteria;

(d) a single co-financing rate per action for actual cost grants;

(e) actions to which the Mutual Insurance Mechanism under Regulation (EU) [XXX] [Horizon Europe] applies;

(f) rules applicable to actions concerning more than one specific objective;

(g) actions to which specific rules apply, in particular on ownership, exploitation and dissemination, transfer and licensing as well as access rights to results;

(h) actions which benefit from the mechanisms set out in Article 20;

(ha) where applicable, the possibility to award a Competitiveness Seal as referred to in Article 8, and additional conditions if any.

2. The work programmes under this Regulation shall integrate in a specific dedicated part collaborative research and innovation activities and their dedicated budget.

2a. The work programmes under this Regulation shall describe in a specific dedicated part how they aim to support SMEs, including taking into account Article 29.

3. ~~The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2), points (a), (b), (c) and (d) and for the horizontal activities in Chapter III. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 83(2).~~

4. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2)~~, point (d) (2), (3) and (4)~~ **and the horizontal activities referred to in Chapter III**. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

5. ~~On duly justified imperative grounds of urgency relating to the fact that a work programme has not been adopted by October 1 of the year preceding the year of budget implementation, the Commission shall adopt the work programme by means of immediately applicable implementing acts in accordance with the procedure referred to in Article 83(4) and not later than October 15 of the year preceding the year of budget implementation. Those implementing acts shall remain in force for the period of budget implementation.~~

6. On duly justified imperative grounds of urgency relating to the need for an immediate reaction to a crisis or other similar exceptional and duly substantiated emergencies, the Commission may adopt a work programme by means of immediately applicable implementing acts in accordance with the procedure referred to in Article 83(4).

PUBLIC

Article 16

Single Market value chains builder

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

Article 17

EU Tech frontrunners

1. The work programmes may include dedicated two-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia leveraging on their role as innovation and export drivers to strengthen their global competitive position along with their European SME suppliers through investments in new solutions and identification of relevant partners. Project preparation as well as crowding in of additional public and private capital may be supported.

2. At the first stage, an open call for expression of interest for goods, works or services that might contribute to Union competitiveness in general, or in a specified sector, may be published without specification of the kind of activities or the instrument of budget implementation to be used.

3. At the second stage, analysis and crowding in of additional public and private capital shall be supported.

4. Proposals and offers shall be evaluated and ranked based on common award criteria such as their comparative contribution to Union competitiveness.

5. The evaluation committee shall determine the most appropriate instrument of budget implementation, as well as propose the maximum amount and form of the Union contribution.

PUBLIC

Article 18

Production Ramp up actions

1. By way of derogation from Article 196(2) of the Financial Regulation, financial contributions may, where necessary for the implementation of manufacturing projects essential to support the ~~general~~**Union's** resilience ~~objective as indicated on~~as **referred to in** Article ~~3(1)~~**3(1)(b)**, or activities required to ensure the security, resilience or service continuity to support the ~~objective~~**objectives** referred to in Article 3(2), point (d), cover actions that started prior to the date of the submission of the proposal for those actions .

2. The work programme or the documents related to the award procedure shall set out additional conditions to ensure that the support is necessary and proportionate, excluding overcompensation and double funding, is temporary and decreases over time.

Article 19

[Top Ups for IPCEIs]

1. **[**The ECF may support:

   (a) projects directly participating in an Important Project of Common European Interest (IPCEI) approved by the Commission pursuant to Article 107(3), point (b), of the TFEU;

   (b) the follow-on projects based on results from IPCEIs, conditional on significant private investments.

2. Any support of the ECF for IPCEI referred to in paragraph 1, shall be conditional on national co-funding.**]**

PUBLIC

Article 20

Accelerated and Targeted Actions for Competitiveness

1. **[**In order to create or facilitate the possibility of Union support to actions of imperative public interest or critical time-sensitivity, which could otherwise not be effectively implemented under the normal rules applicable to the Union budget or sectoral policies, the work programmes may identify certain award procedures, under direct or indirect management, that may benefit from certain additions, exceptions, and derogations from applicable law, during the award procedure or implementation of the supported activities, under all of the following the conditions:

   (a) the action is necessary and appropriate to achieve the objectives of the action in line with the general or specific objectives of the programme;

   (b) the action is duly justified by an imperative public interest, and/or is of a time-sensitive nature, or both;

   (c) the action cannot otherwise be effectively implemented under the normal rules applicable to award procedures.**]**

2. In accordance with paragraph 1, one or more of the following measures may be applied to an award procedure:

   (a) For grants, without prejudice to the use of competitive procedures wherever appropriate in line with Article 192(1) and in addition to Article 198 of Regulation (EU, Euratom) 2024/2509, the work programme may specify that an award procedure takes the form of a targeted intervention to:

      (1) identify an action of imperative public interests of the Union and the beneficiaries or categories of beneficiaries which may be invited to submit a proposal without a call; or,

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(2) set out an amount up to which proposals may be identified and invited that have been awarded a seal referred to in Article 8 of this Regulation but have not received Union funding due to lack of budget. The applicants may be invited to resubmit their proposal without a call; where the proposal is resubmitted without substantial change, the granting authority may decide to fully rely on the prior positive evaluation and any previously conducted controls and submitted supporting documents; the reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509; or,

(3) specify an action and beneficiaries, or a policy area and categories of beneficiaries, and set out an amount up to which proposals may be invited for extension of actions under the ECF or other Union programmes, in order to continue or add additional activities or entities, and/or to further develop results; where actions and beneficiaries are not individually identified in the work programme, the reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509. The award may take the form of an amendment to the original action by adding new activities and increasing the maximum Union contribution.

(b) By way of derogation from Articles 199, 201, 203 regarding grants or from Article 170(1), points (b) and (c), and (2) regarding procurement, of Regulation (EU, Euratom) 2024/2509, the work programme may specify that an award procedure takes the form of an accelerated intervention to:

(1) limit the requirements for the award decision and signature of legal commitments to a preliminary evaluation of award and exclusion criteria; the award decision shall be taken based solely on a self-declaration of applicants and tenderers on selection and eligibility criteria without request for corresponding supporting documents during pre-evaluation; the final evaluation, including for selection and eligibility criteria, and the requests for

any relevant supporting documents shall be conducted within three months of the signature of the legal commitment; and,

(2) require the notification of the results of the preliminary evaluation to the applicants or tenderers within 30 calendar days of the deadline for submission of proposals or tenders; the award decision shall be taken within 60 calendar days of the deadline for submission of proposals or tenders and shall be exempted, where applicable, from the procedures set out in Article 83; until the completion of the final evaluation no pre-financing shall be paid.

(c) By way of derogation from Article 9 of this Regulation, the work programme may specify that an award procedure takes the form of an inducement intervention to allow for a temporary and conditional waiver of compliance with a specified part of the eligibility criteria during the award procedure and parts of the implementation of the action, in particular regarding the place of establishment; compliance with the temporarily waived eligibility criteria shall instead be achieved and evaluated during the implementation of the action within a timeframe specified in the legal commitment. If the temporarily waived eligibility criteria are not complied with at the specified date, the action shall be considered ineligible in its entirety and any Union funding shall be fully recovered; for inducement interventions no pre-financing shall be paid.

(d) The work programme may set up special two-stage bottom-up award procedures in accordance with the following rules:.

(1) during the first stage, a call for expression of interest may be launched without specification of the kind of activities or the instrument of budget implementation to be used, to enable applicants, tenderers and pillar-assessed entities to submit project proposals or offers for goods, works or services that might contribute to Union competitiveness in general or in a specified sector.

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(2) proposals and offers shall be evaluated and ranked based on common award criteria such as their comparative contribution to Union competitiveness. The evaluation committee shall determine the most appropriate instrument of budget implementation under direct or indirect management, in particular grant, procurement, non-financial donations, contribution agreements or other support, as well as propose the maximum amount and form of the Union contribution.

(3) during the second stage, within the available budget, successfully evaluated projects or offers shall be invited to adjust and complete their proposal or offer in accordance with the conclusions of the evaluation committee. The award procedure shall otherwise proceed in accordance with the rules set out in Article 12, as applicable to the respective instrument of budget implementation.

3. In accordance with paragraph 1, for actions which require the planning, construction and operation of facilities funded under award procedures the work programme may determine that, depending on the nature of the action, it is of public interest and may be of imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Council Directive 92/43/EEC and Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council , in the interest of defence within the meaning of Article 2(3) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council , and in the interests of public health and safety within the meaning of Article 9(1), point (a) of Directive 2009/147/EC of the European Parliament and of the Council, in accordance with and under the conditions set out in applicable legislation such as the Net Zero Industry Act Regulation 2024/1735, RED III (Directive 2023/2413), or the Defence Readiness Omnibus (COM(2022)349) provided that the remaining other conditions set out in these provisions are fulfilled.

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SECTION 2

ECF INVESTEU INSTRUMENT

Article 21

General Framework

1. As a horizontal delivery tool for Union internal policies, the ECF InvestEU Instrument shall contain the budgetary guarantee and financial instruments, including when combined with non-repayable support in a blending operation, for the purpose of contributing to the general and specific objectives set out in Article 3, and may be implemented in synergy with other Union or national activities, including through compartments for Member States.

2. The ECF InvestEU Instrument shall address market failures or suboptimal investment situations. The ECF InvestEU Instrument may in particular provide loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients.

3. **[**The maximum amount of the budgetary guarantee under the EU Compartment of the ECF InvestEU Instrument shall be EUR 70 000 000 000 in current prices.**]** It shall be provisioned at the rate of 50 %.

3a. [X] % of the EU guarantee under the EU compartment shall be granted to the EIB Group.

4. **[**The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument shall be EUR 17 000 000 000, to be used in support of the general and specific objectives set out in Article 3.**]** This minimum amount shall be increased by the contributions from the work programmes set out in Article 15. The contributions shall be a favoured means of implementation under the ECF and used for provisioning of the budgetary guarantee or financing of the financial instruments.

5. The **Commission is empowered to adopt** investment guidelines ~~set out by the Commission shall define~~**as delegated acts in accordance with Article 84 in order to supplement this Regulation by defining** in more detail the scope of intervention in support of the general and specific objectives set out in Article 3. The investment guidelines shall be prepared in close dialogue with the **EIB Group and other** potential implementing partners.

6. The following rules shall apply to the provisioning referred to in paragraph 3:

(a) the provisioning rate shall be assessed every year**, taking into account the portfolio risk, and** in accordance with the assessment referred to in Article 41(5) of Regulation (EU, Euratom) 2024/2509;

(b) for the purpose of support under other Union programmes referred to in Article 23(2) the provisioning shall be made from that other Union programme;

(c) the provisioning shall be committed until 31 December 2034 and shall take into account the progress in granting the budgetary guarantee under the ECF InvestEU Instrument.

(d) in accordance with Article 214(2) of Regulation (EU, Euratom) 2024/2509, the provisioning shall be constituted until 31 December 2037 and shall take into account the progress in the approval and signature of the financing and investment operations.

7. The Commission is empowered to adopt delegated acts in accordance with Article 84 to amend paragraph 3 to adjust the provisioning rate and to adjust the maximum amount of the budgetary guarantee with up to 20% of that amount **in light of the economic and financial circumstances**.

PUBLIC

Article 22

Support to scaleups and startups

1. ~~The ECF InvestEU Instrument shall serve as the Union's integrated platform for delivering targeted financial support to companies across all development phases start-ups, scale-ups, including those actively pursuing manufacturing, industrial and market deployment. It shall ensure that high-potential European companies developing or deploying innovative solutions can access the capital and resources to grow in the Union, thus strengthening the integration of the Single market and the Savings and Investment Union.~~

2. The Commission shall ~~in particular~~ develop a Scale-up facility in cooperation with the EIB Group, other international financial institutions and National Promotional Banks. ~~The facility shall provide in a coordinated and consistent manner, a comprehensive set of financing tools tailored to the unique needs of scale-ups, including indirect and direct equity and quasi-equity, venture debt, loans, guarantees and blended finance, with a view to attract private investors in supporting scale up financing and facilitate exit options. The facility shall target SMEs and small mid-cap companies and Mid-cap companies.~~

2a. It shall ensure that high-potential European companies developing or deploying innovative solutions can access the capital and resources to grow in the Union, thus strengthening the integration of the Single market and the Savings and Investment Union.

2b. The facility shall provide, in a coordinated and consistent manner, a comprehensive set of financing tools tailored to the unique needs of scaleups, including indirect and direct equity and quasi-equity, venture debt, loans, guarantees and blended finance, with a view to attract private investors in supporting scale up financing and facilitate exit options.

3. The facility shall intervene where market investors cannot provide sufficient financing for European high-growth, innovative and strategic ~~companies~~**startups and scaleups**, including if needed to protect the Union's strategic assets, interests, autonomy or economic security.

4. It will leverage public investment to catalyse substantial private and institutional capital flows, such as from private equity funds, corporates, pension funds, insurance companies, and other long-term investors, thus deepening Europe's capital markets and fostering sustainable growth of scale-up companies.

Article 23

Exclusivity clause

1. During the period of the MFF 2028-2034, budgetary guarantees, financial instruments, or financial instruments directly implemented by the Commission in accordance with Article 219 of Regulation (EU, Euratom) 2024/2509 to support policy objectives on the territory of the Union shall solely be established under this Section.

2. **[**The budgetary guarantee, within its maximum amount referred to in Article 21(3), and financial instruments, including when combined with non-repayable support in a blending operation, may be used to provide support under other Union programmes, including the EU ETS Innovation Fund and other Union programmes financed from sources other than the Union budget, in accordance with the objectives set out in those programmes.**]**

Article 24

EU Compartment and Member States Compartment

1. The ECF InvestEU Instrument shall consist of an EU Compartment and a Member State Compartment.

2. Specific contributions to the ECF InvestEU Instrument under Article 5(1) may be made in accordance with Articles 211(2) and 221(2) of Regulation (EU, Euratom) 2024/2509. Specific contributions to the budgetary guarantee under the ECF InvestEU Instrument shall result in an additional amount of the budgetary guarantee referred to in Article 21(3).

Article 25

Community of implementing partners

1. The ECF InvestEU Instrument will be implemented by partners in an open architecture model, including ~~the European Investment Bank (EIB) Group,~~ international financial institutions, the national promotional banks and institutions**, while acknowledging the special role of the European Investment Bank (EIB) Group**.

2. By way of derogation from Article 211(5) of Regulation (EU, Euratom) 2024/2509, and subject to Article 12 of this Regulation, the implementation of a budgetary guarantee or financial instrument, including when combined with non-repayable support in a blending operation, may be entrusted to any entity referred to in Article 62(1), first subparagraph, point (c), of Regulation (EU, Euratom) 2024/2509.

3. In addition to entities referred to in Article 62(1), first subparagraph, point (c), and Article 211(5) of Regulation (EU Euratom) 2024/2029, bodies established in a Member State, governed by the private law of a Member State or Union law may also be exceptionally entrusted, following a positive pillar assessment, with the implementation of a budgetary guarantee or financial instrument, including when combined with non-repayable support in a blending operation, to the extent that such bodies are provided with adequate financial guarantees which may be, for each action, limited to the maximum amount of the Union support. Those bodies governed by private law shall be selected with due account to the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity, and their rules and procedures for verifying the economic viability of projects of final recipients. The selection shall be transparent, justified on objective grounds and shall not give rise to a conflict of interests.

PUBLIC

Chapter III

Project Advisory, SME Collaboration, skills development and Access to Funding

PUBLIC

SECTION 1

PROJECT ADVISORY

Article 26

Project Advisory

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

2. A centralised access to advisory and business acceleration services shall be provided, which may include:

   (a) investment advisory services, including market development activities and advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects, and for enhancing the capacity of project promoters and financial intermediaries to implement financing and investment operations and improve the understanding and use of financial instruments to exploit their full potential. Such support may cover any stage of the life cycle of a project or financing of a supported entity;

   (b) business coaching and acceleration services targeting potential ECF beneficiaries and other project promoters, including SMEs and **small** mid-cap companies, ~~start-ups and scale-ups~~**startups and scaleups**, supporting and facilitating their access to ECF funding and financing, and facilitating matchmaking with private investors and promoting financial literacy of entrepreneurs, including understanding of the opportunities offered by capital market based financing;

3. Project advisory shall, among others, support the generation of project pipelines and the development of potential investment projects under the ECF InvestEU Instrument and contribute to their further development. Project advisory shall also cooperate with industrial alliances and European clusters **or other relevant European groupings. It**~~.~~ ~~Project advisory~~ shall be available under each policy window ~~referred~~, covering **all relevant** sectors ~~under that window. In addition, advisory~~**, and may also provide** support ~~may cover general objectives and~~**for** cross-cutting actions **and general objectives**.

4. The Commission may conclude advisory agreements with advisory partners and service providers in line with the needs of each policy windows. The Commission and the advisory partners, including the EIB Group, shall cooperate closely with a view to ensuring efficiency, synergies and effective geographic coverage across the Union, while taking account of existing structures and work.

5. Irrespective of the instrument of budget implementation for the acquisition or provision of advisory services, providers and recipients of the services shall be selected in accordance with the principles of transparency and equal treatment, avoidance of conflict of interest, including conflicting professional interests.

6. When implementing the Project Advisory, the Commission, its advisory partners and other service providers shall, when appropriate, collaborate with other Union or national public or private advisory and support service providers, including the EU for Business Network.

PUBLIC

SECTION 2

SME COLLABORATION

Article 27

EU for Business Network

~~1.~~ "EU for Business" Network shall be established to help Union businesses become more competitive and innovate, grow and scale in the Single Market and beyond, with a particular emphasis on SMEs, startups, scaleups and small mid-cap companies. The network shall have a Union-wide and geographically balanced coverage, taking into account the specificities of all types of regions in the Union, including the less developed regions**, transition regions,** and the Union outermost regions.

Article 28

Business support

1. The ECF shall conduct cross-cutting activities focused on strengthening the competitiveness of the SMEs and achieve additionality at Union level, including through the following measures:

   (a) provision of integrated business advice and support to companies, including through financial support to third parties;

   (b) provision of partnering opportunities and capacity building;

   (c) support and assistance for access to technologies, technology infrastructure and facilities, support market uptake of innovation and support business organisations, SMEs and small mid-cap companies, including startups and scaleups, to participate in collaborative platforms and sectors;

   (d) promoting business understanding of Union policies, obtaining feedback on their effectiveness;

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(e) increasing the access and the availability of finance for SMEs including micro-finance and support to social enterprises, and for small mid-cap companies;

(f) facilitation access to markets including through support to the internationalisation of SMEs and provision of market intelligence, including in less developed regions**,** **transition regions,** and outermost regions;

(g) improving the business environment for SMEs and promote new business opportunities for SMEs by supporting among others intellectual property valorisation, standard setting and public procurement;

(h) promoting entrepreneurship, including women and youth entrepreneurship and the acquisition of entrepreneurial and business skills.

Article 29

Dedicated SME Actions to increase SME participation

~~1.~~ Each window shall support dedicated, sector-specific actions targeting ~~start-ups,~~ SMEs and ~~small mid-cap companies~~**startups** or calls for SMEs in strategic sectors with a view to fostering innovation, business acceleration, commercialisation and scaling-up.

Article 30

Support for skills development

~~1.~~ The ECF shall finance activities in support of skills development, in particular in the strategic sectors, building strong links between higher education, vocational education and training providers, applied research and businesses for an agile, innovative and competitive economy. This shall include support for a European Skills Guarantee to support value chain transitions in favour of strategic growth sectors or occupations across the labour market through **skills intelligence,** upskilling and reskilling of the workforce and Vocational Education and Training (VET) partnerships to strengthen cooperation between VET providers and businesses, especially SMEs and connecting them with regional industrial ecosystems.

SECTION 3

BENEFICIARY SERVICE DESK

Article 31

Access to Union funding

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

2. The ECF may support any additional activities to facilitate and accelerate access to Union funding, and other funding, financing and investments, as well as to ensure valorisation and uptake of results through tools and instruments such as proof of concept, deployment grants, advisory and business support services, and any dedicated platform.

Chapter IV

Support for Clean Transition and Industrial Decarbonisation

Article 32

Subject matter

1. Actions supported under this chapter shall contribute to the general objectives set out Article 3(1) and the specific objectives set out in Article 3(2), point (a).

2. Support for actions under this chapter shall be financed from the budget set out in Article 4 and any additional contributions assigned in accordance with Article 5.

PUBLIC

Article 33

Specific activities to support clean transition and industrial decarbonisation policies

1. Support for clean transition, and industrial decarbonisation window shall be implemented in particular through the following activities:

   (a) ”LIFE activities”: providing support to bottom-up projects for the demonstration, testing and market uptake of innovative solutions and best practices in clean transition and industrial decarbonisation and awareness raising on climate and environment to relevant governance levels.

   (b) Energy efficiency, energy storage, demand-response, domestic transmission and distribution grids, digitalisation of energy systems, integrated renewable energy, energy renovations, and heating and cooling solutions, systems and services.

   (c) Clean energy and decarbonisation solutions in industry, including electrification of energy intensive industries and carbon capture, storage and utilisation (CCS/CCU), and in cities, in particular for energy, transport and buildings.

   (d) Sourcing, production, storage, distribution and uptake of sustainable fuels, facilitating decarbonisation of mobility.

   (e) Clean, multimodal and digitalised, safe transport and mobility solutions, including mobile assets (e.g. vehicles, vessels including fishing vessels, aircrafts, rolling stocks) and infrastructures (among others charging infrastructure, ports or high speed rail), systems and operations.

   (f) Supporting the development and deployment of smart mobility, including vehicles, infrastructure, connected and automated mobility, smart traffic management systems and related services.

   (g) Clean tech manufacturing and its supply chain, including through financial support to Strategic Projects under Regulation (EU) 2024/1735, scaling up the manufacturing capacity of net-zero technologies and their supply chains, and by ramping up of existing production lines.

PUBLIC

(h) Strengthening Union capacity in innovation and industrial deployment of advanced manufacturing and advanced materials.

(i) Circular economy, water efficiency, ocean health and environmental policy, including solutions to protect, restore and improve the quality of the environment, including the air, water, marine and soil, and to halt and reverse biodiversity loss and to tackle the degradation of ecosystem, sustainable solutions for climate action in agri-food and forestry supply chains.

(j) Climate and water resilience.

(k) Pollution prevention, control and remediation.

(l) Investment, innovation, and modernisation in sustainable blue economy sectors such as shipbuilding and shipping, offshore energy, ocean observation technologies, blue tech and preserving ecosystems.

(m) Sustainability and clean transition of SMEs, including in tourism, construction and other economic sectors.

(n) Market uptake, capacity building and skills development for the clean transition, including clean energy transition and energy demand side activities (for example NetZero Industry Academies) and transition towards sustainable and safe mobility and sustainable tourism in cities, rural areas, communities, and buildings.

(o) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

2. Support provided through the activities referred to in paragraph 1, may be provided in any form, including through collaborative research and innovation activities set out in Regulation (EU) [XXX] [Framework Programme for Research and Innovation] and identified in a specific dedicated part of the Work Programme.

PUBLIC

Article 34

Complementary rules

1. For activities supporting Coordination and Support Actions in the area of energy efficiency and clean energy transition, Union support may cover up to **[100]**~~100~~ % of the eligible costs, without prejudice to the co-financing principle.

2. By way of derogation from Article 184(6) of the Financial Regulation, for activities supporting Coordination and Support Actions in the area of energy efficiency and clean energy transition and LIFE activities referred to in Article 34, paragraph 1, point (a), the authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 25 % total eligible direct costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.

3. Work programmes shall ensure coherence with the types of actions planned to be implemented under the Fund referred to in Article 10a(8) of Directive 2003/87/EC and coherence and complementarity with the Regulation (EU)[XXX] [Connecting Europe Facility]

4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with the Competitiveness and Society activities supported under the Regulation (EU) [XXX] [Horizon Europe Framework programme for Research and Innovation]

Article 35

Competitive bidding mechanisms

1. Award procedures under this chapter may take the form of competitive bidding. That includes contracts for difference, carbon contracts for difference, or fixed premium contracts to support decarbonisation investment, provided that the financial interests of the Union are protected and the exposure of the budget remains limited to a maximum contribution. Competitive bidding procedures may be implemented through, and in accordance with, any of the budget implementation instruments set out in Article 12.

PUBLIC

CHAPTER V
SUPPORT FOR HEALTH, BIOTECH, AGRICULTURE AND BIOECONOMY

PUBLIC

Article 36

Specific provisions for support to health, biotech, agriculture and bioeconomy policies

1. Actions supported under this chapter shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (b).

2. Support for actions under this chapter shall be financed from the budget set out in Article 4(2) , and any additional contributions assigned in accordance with Article 5.

Article 37

Specific Activities

1. Support for Health, Biotech, Agriculture and Bioeconomy policy shall be implemented in particular through the following activities:

   (a) Improving and protecting health, including cross-border health, by prioritising health promotion and disease prevention across the life course through a health-in-all and One Health policies approach, with a special emphasis on communicable and non-communicable diseases, including mental health, degenerative health, autism, cardiovascular diseases, cancer and other non-communicable diseases, including those related to pollution, sexual and reproductive health and enhancing international health initiatives and cooperation.

(b) Strengthening the efficiency and resilience of health systems by reinforcing access, use and re-use of health data and digital tools, infrastructures and services, including to support the European Health Data Space, deployment of Artificial Intelligence and robotics based solutions in healthcare, advancing the digital transformation of healthcare, enhancing access to healthcare services, with particular focus on public health and healthcare workforce, developing and implementing Union health legislation, also by use of digital technologies, promoting evidence-based decision-making, (including by supporting Health technology Assessment), providing digital solutions for monitoring and coordinating and encouraging integrated work among national health systems to ensure coherence and efficiency across the Union.

(c) Fostering the development, production capacity, manufacturing and industrial deployment of health and bioeconomy technologies, to increase the competitiveness of the sector, and ensure availability of Union medicinal products, medical devices, digital solutions and medical countermeasures relevant for preparedness and response to cross-border threats to health, as well as the competitiveness and resilience of the sectors by ensuring that such products are innovative, safe, accessible, available, and affordable, thereby promoting equitable access across the Union.

(d) Supporting the discovery, development, derisking, demonstration, piloting and use, and scaling-up of biotechnology innovations, accelerating the market introduction and market uptake of biotechnology solutions, strengthening emerging value chains and providing access to finance and other support for SMEs, startups, scale ups and innovators.

(e) Protecting people by supporting the development, implementation and monitoring of health security policies, in cooperation with Member States authorities and stakeholders, as well as coordinating Union and national prevention, preparedness and response plans.

PUBLIC

(f) Fostering an innovative and competitive bioeconomy sector in the Union, including in the areas of health biotech, biobased materials and products, valorising farm and forest residues, carbon negative products, biomanufacturing and biochemicals, in particular by supporting the discovery, development, derisking, demonstration, piloting, and scaling-up of bioeconomy innovations; by accelerating the market introduction and market uptake of bio-based materials from agriculture and forestry and bioeconomy solutions; by strengthening emerging value chains; by building a skilled workforce, by providing access to finance and other support for SMEs, startups, scale ups and innovators.

(g) Fostering the competitiveness, the sustainability, the resilience and fairness of agriculture, fisheries, aquaculture, forestry sectors and rural and coastal areas, and contribute to long term food security in the Union.

(h) Supporting actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

2. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with [Competitiveness and Society activities supported under the Regulation (EU) [XXX] [Horizon Europe Framework programme for Research and Innovation

PUBLIC

CHAPTER VI
SUPPORT FOR DIGITAL LEADERSHIP

Article 38

Specific provisions for support to digital leadership policy

1. Actions supported under this chapter shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (c).

2. Support for actions under this chapter shall be financed from the budget set out in Article 4(2), point (d), and any additional contributions assigned in accordance with Article 5.

Article 39

Specific activities to support digital leadership policy

1. Support for digital leadership shall address, in a comprehensive and coherent manner, the entire scope of the digital sector, such as Artificial Intelligence, (including AI Factories and Gigafactories), high performance computing, quantum technologies, semiconductors and photonics, robotics, large data technologies, telco-edge and cloud technologies, 6G and other wireless technologies, communication networks, advanced connectivity, including 6G and other wireless technologies, sensing technologies, cybersecurity and network resilience, software engineering, augmented reality and virtual worlds, digital twins, Union digital identity and business wallets, trust technologies, new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, support for data technologies and data spaces.

2. Support for digital leadership shall be implemented in particular through the following activities:

   (a) Achieving leadership in digital and AI technologies through research and innovation, applied research, technology transfer, industrial deployment, and market uptake. The implementation shall include, but not be limited to, developing and shaping sustainable core digital technologies that reflect Union values, safeguard the Union's security and foster its competitiveness globally.

PUBLIC

(b) Achieving technological sovereignty by building resilient digital ecosystems, including advanced digital skills, and ensuring a high-level of cybersecurity in the Union. The implementation shall include, but not be limited to, creating an attractive ecosystem for disruptive innovative companies, SMEs, start-ups and scale-ups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through procurement, and contributing to the Union's digital sovereignty, with a focus on addressing the complexity of the technological value chains, standardisation, the security of supply of advanced digital technologies, infrastructures, and services, needed capacities, including manufacturing, production capacity, and advanced digital skills both in the private and public sectors.

(c) Enabling the power of digital for businesses and citizens by deploying state-of-the-art and sustainable digital applications, infrastructures and services across the Union. The implementation shall include, but not be limited to, actions to research and innovate, develop, produce, manufacture, or deploy advanced digital infrastructures at scale across the Union (e.g. high-performance computing, telco-cloud-edge, AI Factories and Gigafactories, data and data spaces, testing and experimentation facilities, semiconductor, photonics and quantum chips pilot lines, quantum computing, communication and sensing infrastructures, cybersecurity hubs, the EU for Business Network, European Digital Innovation Hubs, advanced connectivity infrastructures including submarine cables and non-terrestrial networks), the EU Digital Identity Wallets and trust services as well as the European Business Wallets and services, secure and interoperable digital public infrastructure, to act as a key enabler of the digital transformation and in support of societal resilience and preparedness, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and shall otherwise exploit untapped potential to create a domestic market for advanced digital technologies 'made in Europe'. Such actions may be provided under the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia or Joint Undertakings.

PUBLIC

(d) Supporting the Union's digital transformation of public and private sectors, including to support the development and the circulation of digital skills. The implementation shall include, but not be limited to, providing the necessary support to accelerating and deepening the uptake and deployment of digital solutions across economic sectors, through research, innovation and deployment, to boost their productivity and competitiveness, with a focus on more complex technologies, as well as to achieve societal benefits. Support to public sector applications as well as the broader digitalisation of the public sector shall aim at ensuring a cohesive Union-wide interoperable digital public services landscape, support technological sovereignty, maximising their efficiency for businesses and citizens. The digital transformation of economic and public sectors shall also be supported by the other sectoral windows of the ECF.

(e) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

3. Activities under this Section shall support the development, deployment and procurement of advanced cybersecurity capacities, infrastructures, technologies and capabilities, with a view to ensure the security of critical infrastructures ~~&amp~~; digital supply chains, develop an Union situational picture of the threat landscape as well as improve detection capacities and incident response capabilities; supporting the competitiveness of the Union cybersecurity industrial base, cybersecurity skills development together with the cyber maturity of the European industrial basis, including SMEs.

4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with Competitiveness and Society activities under the Regulation (EU) [XXX] [Horizon Europe Framework programme for Research and Innovation**.**

CHAPTER VII
SUPPORT FOR RESILIENCE AND SECURITY, DEFENCE INDUSTRY AND SPACE

PUBLIC

Article 40

Subject matter

1. Actions supported under this Section shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (d).

2. Support for actions under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.

Article 41

Space and defence synergies

1. A Space and Defence Advisory Board is set up and may advice the Commission on the coordination and complementarity between space and defence activities as laid down Article 3(2)(d), sub-points (1) and (2) and related financial tools to increase efficiency of investments and effectiveness of results. The members of the Advisory Board referred to in paragraph 1 shall be appointed by Member States

SECTION 1

SUPPORT FOR RESILIENCE POLICY

Article 42

Specific activities to support resilience policies

1. Support to Resilience policy shall reinforce the strategic autonomy, economic security and the resilience of the Union industry by strengthening the different stages of the raw materials value chain, including through diversification of the supply of critical raw materials from third countries.

2. Support for resilience policy shall be implemented in particular through the following activities:

(a) support for the strengthening of the EU capacity in exploration, extraction, processing and recycling of raw materials;

(b) purchasing of raw materials, in line with economic security needs and the green and digital transition objectives, in order to reduce the risk of supply disruptions for companies in the EU, including for establishing and managing stockpiles of critical raw materials in coordination with Member States and industry;

(c) financial support to Strategic Projects under the Critical Raw Materials Act in line with economic security needs and the green and digital transition objectives.

3. support provided through the activities referred to in paragraph 2, may be provided in any form, including through collaborative research and innovation activities set out in the Framework Programme for Research and Innovation [REF] and identified in a specific dedicated part of the Work Programme.

4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with Competitiveness and Society activities under the Regulation (EU) [XXX][Horizon Europe Framework programme for Research and Innovation]

Article 43

Complementary rules

1. Strategic projects under CRMA and strategic projects foreseen in relevant sectoral legislation may apply the rules in Article 20.

PUBLIC

SECTION 2

SUPPORT FOR DEFENCE INDUSTRY POLICY

PUBLIC

Article 44

Specific activities to support defence industry policy

1. Support for defence industry policy shall be implemented in particular through the following components:

   (a) Support to the deployment of European Defence Projects of Common Interest as referred to in Article 45 of this Regulation.

   (b) Support to Defence R&D, Innovation and Technological Superiority as referred to in Article 46;

   (c) Support to Defence Industrial Responsiveness, Industrial Scale-Up, and Resilience, as referred to in Article 47;

   (d) Support to cooperation in Defence Procurement, Maintenance and Availability as referred to in Article 48;

   (e) Military Logistics Enablement and Support as referred to in Article 49;

2. Support to new entrants, innovative start-ups, SMEs and scale-ups will be tailormade across the activities listed in the first paragraph to ensure speed, flexibility and agility. It will take the form of a dedicated programme EU Defence Innovation Scheme (EUDIS), that will include innovative and scalable activities, including in support to disruptive technologies and to single entities, such as: matchmaking events and business coaching for innovators, agile funding mechanisms, challenges, hackathons, support to innovative procurement, iterative upgrade procurement models for rapidly evolving systems and any other actions for faster innovation cycles and technology integration, validation and experimentation.

3. Support provided through the activities referred to in paragraphs 1 and 2, may be provided in any form, including through collaborative research as well as innovation activity support to single entities and financial instruments.

Article 45

European Defence Projects of Common Interest

1. European Defence Projects of Common Interest shall consist of collaborative industrial projects aimed at reinforcing the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States' military capabilities and systems of common interest and/or use, including those securing access to all operational domains, namely land, maritime, air, space and cyber.

2. The Commission may identify European Defence Projects of Common Interest in an implementing act, adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

3. The Commission shall, when identifying projects referred to in paragraph 2:

   (a) duly consider the guidance provided in the context of the Defence Industrial Advisory Board, as referred to in Article 56, in particular the contribution of the project to the capability priorities identified in the context of the CFSP, notably of the Capability Development Plan, and the objectives of the Strategic Compass for security and defence;

   (b) identify overall financing needs and potential impacts for the Union budget;

   (c) take into account any views of Member States.

4. European Defence Projects of Common Interest shall meet the following general criteria:

   (a) the project involves at least four Member States;

   (b) the project aims at developing capabilities, including those securing access to strategic domains and contested spaces, strategic enablers, and, as appropriate, systems acting as European defence infrastructure of common interest and use;

   (c) the benefits of the project extend to a wider part of the Union and ensures a broad geographical participation

PUBLIC

(d) the projects shall be particularly significant in size or scope and aim at mitigating a considerable level of technological or financial risk;

(e) the potential overall benefits of the project outweigh its costs, including in the longer term.

5. A European Defence Project of Common Interest shall involve at least four Member States. The European Commission shall be able, where relevant, to participate in the project.

6. A European Defence Project of Common Interest shall be considered to contribute to the defence capabilities critical for the security and defence interests of the Union and its Member States and therefore to be in the public interest. They may be established in the framework of Structures for European Armament Programmes established in accordance with Regulation (EU) [XXX] [European Defence Industry Programme].

7. Member States may, without prejudice to Articles 107 and 108 TFEU, apply support schemes and provide for administrative support to European Defence Projects of Common Interest.

8. The deployment of European Defence Projects of Common Interest may be considered an imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Directive 92/43/EEC and of overriding public interest within the meaning of Article 4(7) of Directive 2000/60. Therefore, the planning, construction and operation of related production facilities may be considered of overriding public interest, provided that the remaining other conditions set out in these provisions are fulfilled.

9. The Union shall support any activity necessary for the development, industrialisation, procurement or deployment of a European Defence Project of Common Interest notably through any of the activities supported under this Section.

PUBLIC

Article 46

Collaborative Defence Research & Development, Innovation and Technological Superiority

1. Activities supporting Defence R&D, Innovation and Technological Superiority may cover, in particular:

   (a) collaborative research actions for defence, from basic to applied research, focusing on jointly agreed capability priorities;

   (b) collaborative development actions for new defence products and technologies, including at least system prototyping, testing, qualification, or certification;

   (c) actions to support disruptive technologies for defence;

   (d) actions to support faster innovation cycles and technology integration, including continuous research and development and technological challenges;

   (e) spin-in actions to adapt civilian technologies for defence.

Article 47

Defence industrial Responsiveness, Scale-Up, and Resilience

1. Activities related to the enhancement of the Responsiveness, Industrial Scale-Up, and Resilience: to enhance responsiveness and resilience of the European Defence Technological and Industrial Base, enabling it to develop, produce, and sustain critical defence production capacity/capabilities at the necessary scale and speed, including through supporting the industrial scale-up of innovative companies and by supporting skills development; may cover in particular:

   (a) the optimisation, expansion, modernisation, upgrading or repurposing of existing, or the establishment of new, production capacities insofar as those components and raw materials are intended or used wholly for the production of defence products, in particular with a view to increasing production capacity or reducing lead production times, including on the basis of the procurement or acquisition of the requisite machine tools and any other necessary input;

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(b) the establishment of cross-border industrial partnerships, including through public private partnerships or other forms of industrial cooperation, in a joint industrial effort, such as cross-border joint ventures including activities that aim to coordinate the sourcing or reservation and stockpiling of defence products, components and corresponding raw materials insofar as those components and raw materials are intended or used wholly for the production of defence products, as well as to coordinate production capacities and production plans;

(c) the building-up and making available of reserved surge manufacturing capacities (ever warm facilities) of defence products, their components and corresponding raw materials, insofar as those components and raw materials are intended or used wholly for the production of defence products, in accordance with ordered or planned production volumes;

(d) fostering industrialisation and commercialisation of defence products that have been developed in the framework of actions funded by the Union or other cooperative activities conducted with support by at least two Member States including through the establishment of cross-border industrial partnerships, public private partnerships or other forms of industrial cooperation, ramping-up of initial production as well as licensing production, where appropriate;

(e) the testing, including the necessary infrastructure, and, as appropriate, reconditioning certification of defence products with a view to addressing their obsolescence and making them useable by end users;

(f) reducing industrial strategic dependencies, in particular the replacement of components subject to restrictions by a non-associated third country or third country entity or the development of the ability to substitute or remove such components.

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2. To ensure the availability of defence products in time and in volume thereby fostering the competitiveness of the EDTIB **[**as well as, where relevant, of the Ukrainian DTIB**]**, the Commission shall support the following set of measures (EU Military Sales Mechanism – EU MSM):

(a) the establishment, management and maintenance of defence industrial readiness pools of defence products;

(b) the establishment and maintenance of a single, centralised, catalogue of defence products developed by the EDTIB; **[**and the Ukrainian DTIB;**]**

(c) the strengthening of administrative capacities related to public procurement of defence products.

3. A Defence Industrial Readiness pool, as referred to in paragraph 2, point (a), shall only be established, managed and maintained by a SEAP, as set out in Regulation [EDIP] and shall offer Member States, associated countries **[**and Ukraine**]** an immediate and preferential purchase or use/lease option to the defence products part of the pool.

4. The Commission, upon consultation of the EDA, shall establish and keep up-to-date the catalogue referred to in the paragraph 2, point (b). The Commission shall consult the EDA and take into account its views in drawing up the technical specifications for that catalogue and, where appropriate, shall procure the corporate IT platform required to establish it. Member States, **[**Ukraine**]** and economic operators shall be invited to populate that catalogue on a voluntary basis.

Article 48

Common Defence Procurement, Maintenance and Availability

1. The Programme shall support activities that aim at increasing cooperation among Member States and associated countries in joint certification capability development, procurement, maintenance and availability of defence capabilities, thereby reducing fragmentation and enhancing interoperability, achieving economies of scale, ensuring faster access to needed equipment, and strengthening collective defence readiness.

PUBLIC

2. Member States and associated countries carrying out an action related to common defence procurement, maintenance and availability shall appoint, by unanimity, an eligible legal entity as agent to act on their behalf for the purposes of that action. The agent shall, in particular, carry out the procurement procedures and conclude the resulting contracts with contractors on behalf of the participating countries. The procurement agent may participate in the action as a beneficiary and act as the coordinator of the consortium, therefore being able to manage and combine funds from the Programme and funds from the participating Member States and associated countries.

3. The agent shall apply in its procurement procedures and contracts criteria equivalent to those set out in Article 51 to its procurement procedures and contracts with contractors, and require in the call for tender that these criteria are applied to subcontractors.

4. The agents shall notify the Commission of the guarantees and mitigation measures referred to in Article 51. Further information on those guarantees and mitigation measures shall be made available to the Commission upon request. The Commission shall inform the committee referred to in Article 83(1), point e, of any notification provided in accordance with this paragraph.

5. Any contract resulting from an action related to Common defence procurement, maintenance and availability shall include provisions governing the purchase of additional quantities of defence products for other Member States, associated countries or Ukraine.

6. For the purpose of this article, ‘agent’ means a contracting authority as defined in Article 2(1), point (1), of Directive 2014/24/EU and Article 3(1) of Directive 2014/25/EU established in a Member State or an associated country, the European Defence Agency, a Structure for European Armament Programme or an international organisation that is designated by Member States, associated countries or Ukraine to conduct a common procurement on their behalf.

PUBLIC

Article 49

Military Logistics Enablement and Support

1. Activities related to the enhancement of military mobility in the Union by supporting dual use of civilian-military assets, including equipment, infrastructure and superstructures, facilitating, enabling and supporting military movements and access to military mobility capabilities, including, through the pooling and sharing of military mobility assets,; this also includes supporting military bases, encompassing housing for military personnel and social infrastructure, to enable and sustain increased stationing of military personnel in Member States; may cover:

   (a) The incentivisation of the procurement of products which enable or enhance the movement, transportation, or deployment of military personnel, equipment, or supplies, and improve the access to military mobility capabilities.

   (b) The assistance to Member States in identifying and accessing transport and logistical resources and equipment that may be available from the commercial market or other sources for the purpose of supporting military mobility.

   (c) The support to the digitalisation of Military Mobility related processes, to ensure and facilitate direct and secure exchange of information between Member States requesting and approving military movement and other relevant procedures.

   (d) The reinforcement, modernisation, expansion and repurposing of industrial capacities for the production and maintenance of products directly contributing to and improving military mobility in the Union.

   (e) The training, reskilling, and upskilling of personnel to enhance the availability of skilled personnel for the transportation of defence products, components and supplies, notably for the safe and efficient movement of oversized, overweight, and dangerous goods.

PUBLIC

(f) The enhancement of the protection and resilience of infrastructures that are strategic for military mobility especially for those located on a military mobility corridor and those having a European impact.

(g) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

2. Activities will be implemented in complementarity with Regulation (EU) [XXX] [CEF].

Article 50

Complementary rules on the association of third countries

1. In addition to the rules in Article 11, actions under the specific objective referred to in Article 3(2), point d, sub-point (2) shall be open to the participation of:

(a) A Members of the European Free Trade Association (EFTA) which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the Agreement on the EEA;

(b) Ukraine.

2. Complementary to provisions required in Article 11, the association agreement with third countries other than those referred to in paragraph 1 shall

(a) specify how eligibility conditions are to be adapted, in particular to enable the participation of entities established in the associated country but controlled by another third country or by another third country' entity;

(b) lay down appropriate measures to ensure security of supply as well as any other measure required for the protection of the security and defence interests of the European Union and of the Member States;

PUBLIC

(c) contribute to an increase in the standardisation of defence systems and a greater interoperability between Member States' and those other third countries' capabilities.

Article 51

Complementary eligibility rules for grants

1. In addition to fulfilling any conditions of eligibility provided under Article 9 of this Regulation, Union recipients of Union funding shall comply with the obligations included in paragraphs 2 to 6.

2. Recipients shall have their executive management structures in the Union or in an associated country and shall not be subject to control by a non-associated third country or by a non-associated third-country entity.

3. By derogation from paragraph 2 a legal entity established in the Union or in an associated country and controlled by a non-associated third country or a non-associated third country entity shall be eligible to be a recipient of Union funding if guarantees approved in accordance with the national procedures of a Member State or associated country in which it is established; including adequate measures pursuant to screenings, as set out in Article 2, point (3), of Regulation (EU) 2019/452 are made available to the Commission.

4. These guarantees measures shall provide assurances that the involvement in an action of a legal entity as referred to in that subparagraph would not contravene the security and defence interests of the Union and its Member States as established in the framework of the CFSP pursuant to Title V of the TUEU.

5. Guarantees as referred to in the first subparagraph shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

(a) control over the legal entity is not exercised in a manner that restrains or restricts its ability to carry out the action and to deliver results, that imposes restrictions concerning its infrastructure, facilities, assets, resources, intellectual property or knowhow needed for the purposes of the action, or that undermines its capabilities and standards necessary to carry out the action;

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(b) access by a non-associated third country or by a non-associated third-country entity to sensitive information relating to the action is prevented and the employees or other persons involved in the action have national security clearance issued by a Member State or an associated country, where appropriate;

(c) ownership of the intellectual property arising from, and the results of, the action remain within the recipient during and after completion of the action, are not subject to control or restriction by a non-associated third country or by a non-associated third-country entity, and are neither exported outside the Union or outside associated countries nor accessible from outside the Union or outside associated countries without the approval of the Member State or the associated country in which the legal entity is established and in accordance with the objectives set out in Article 3.

6. If considered to be appropriate by the Member State or the associated country in which the legal entity is established, additional guarantees may be provided.

7. The Commission shall inform the committee referred to in Article 83(1), point (e) of any legal entity considered to be eligible in accordance with this paragraph.

8. Unless in certain duly substantiated and exceptional circumstances to be defined in the work programme or the documents related to the award procedure, the infrastructure, facilities, assets and resources of the recipients of Union funding involved in an action which are used for the purposes of that action shall be located on the territory of a Member State or of an associated country. Where appropriate, the work programmes may set out conditional exceptions to this rule.

9. For actions referred to in Article 44(1), points (a), (b), (e) and in Article 45(2), conditions referred to in paragraphs 2 to 6 shall apply to subcontractors involved in the action. ‘Subcontractors involved in an action’ refers to subcontractors with a direct contractual relationship to a recipient, other subcontractors to which at least 10 % of the total eligible costs of the action is allocated, and subcontractors which may require access to classified information in order to carry out the action. Subcontractors involved in an action are not members of the consortium.

PUBLIC

10. For actions referred to in Article 44(1), points (a) and (d), conditions referred to in paragraphs 2 to 6 shall apply to subcontractors involved in the action or in the common procurement. ‘Subcontractors involved in the common procurement’ means legal entities which provides critical inputs that possess unique attributes essential for the functioning of a product, which is allocated at least 15 % of the value of the contract, and which needs access to classified information for the performance of the contract.

11. The results of actions referred to in 44(1), points (a) and (b) and in Article 44(2), as well as the products or technologies stemming from these actions, shall not be subject to any control or restriction by a non-associated third country or by a non-associated third-country entity, directly, or indirectly through one or more intermediate legal entities, including in terms of technology transfer.

12. For actions referred to in Article 44(1), points (a), (c) and (d), the estimated cost of components originating in the Union shall not be lower than 65 % of the estimated cost of the end product. No components shall be sourced from third countries that contravene the security and defence interests of the Union and the Member States, including respect for the principle of good neighbourly relations.

13. For actions referred to in Article 44(1), points (a), (c) and (d), recipients and contractors shall have the ability to decide, without restrictions imposed by third countries or by third-country entities, on the definition, adaptation and evolution of the design of the defence product procured or the increase in production capacity of which is supported, including the legal authority to substitute or remove components that are subject to restrictions imposed by third countries or by third-country entities.

14. For actions referred to in Article 44(1), points (c) and (d), the work programme may provide that eligibility requirements set out in paragraphs 10 and 11 of this Article will be assessed at the end of the action.

PUBLIC

15. Except for actions referred to in Article 44, paragraph 2 or unless specified otherwise in the work programmes, Union support shall only be granted to actions carried out by:

(a) legal entities cooperating within a consortium of at least three eligible legal entities which are established in at least three different Member States or associated countries. At least three of those eligible legal entities established in at least two different Member States or associated countries shall not, during the entire period in which the action is carried out, be controlled, directly or indirectly, by the same legal entity and shall not control each other;

(b) or to a Structure for European Armament Programme established in accordance with Regulation (EU) [XXX][EDIP]

16. If a register is created at Union level with the aim of increasing the availability of products that enable or enhance the mobility, transportation, or deployment of military personnel, equipment, or supplied, products supported under Article 45a shall be registered in that registry for the purpose of making that product available for the Union or its Member States.

17. Only the following legal entities shall be eligible for actions related to common defence procurement, maintenance and availability, as referred to in Article 48:

(a) public contracting authorities of Member States or associated countries;

(b) International Organisations;

(c) the Structures for European Armament Programme, established in accordance with Regulation (EU) [XXX] [EDIP];

(d) the European Defence Agency.

18. Notwithstanding Article 201 of Regulation (EU, Euratom) 2024/2509, only the financial capacity of a consortium coordinator shall be verified.

PUBLIC

19. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, the evaluation committee may be assisted by independent external experts holding valid personal security clearance, if required by the work programme. By way of derogation from Article 242 of the Regulation (EU, Euratom) 2024/2509, the list of independent experts shall not be made public.

PUBLIC

Article 52

Funding rates

1. **[**For actions referred to in Article 44(1), point (a), the Union support may cover up to 100% of the eligible costs.

2. For actions referred to in Article 44(1), point (b), supporting defence research and innovation, Union support may cover up to 100% of the eligible costs.

3. For actions referred to in Article 44(1), point (b), supporting the development of defence technologies and capabilities, Union support may cover up to 50% of the eligible costs or, for procurement of R&D services, up to 50% of the estimated value of the contract.

4. For actions referred to in Article 44(1), point (c), the Union support may cover up to 50% of the eligible costs.

5. For actions referred to in Article 44(1), point (d), the Union support may cover up to 25% of the estimated value of the common procurement.

6. For actions referred to in Article 44(1), point (e), the Union support may cover:

   (a) where the action supports a procurement carried out by Member States up to 25% of the estimated value of the procurement;

   (b) where the actions aims at assisting Member States to accessing transport and logistical resources, up to 100% of the eligible costs.

7. In order to properly take into account the particular situation of the Strategic Partner concerned, the Union support may cover up to 100% of the eligible costs for actions referred to in Article 44(1), point (f).**]**

8. By way of derogation from Article 184(6) of the Financial Regulation, for actions referred to in Article 44(1), point (a) and (b), the authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 25 % total eligible direct costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.

Article 53

Award criteria

1. As specified in the work programmes, proposals for actions shall be assessed in accordance with excellence-oriented award criteria:

   (a) The quality and efficiency of the implementation of the action.

   (b) The objectives, priorities and the expected results set for the relevant action, in particular trough the evaluation of one or more of the following criteria as specified in the work programmes: (i) contribution to excellence in the defence domain, (ii) innovation capacities, (iii) cross-border cooperation, in particular with SMEs and mid-caps that bring substantial added-value to the action, (iv) competitiveness, (v) increase in production capacities and availability, (vi) reduction of lead production time, (v) increase in interoperability, (vii) increase in interchangeability and (viii) security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats.

PUBLIC

Article 54

Ownership of results

1. Where Union support is provided in the form of a grant, Union institutions, bodies, offices or agencies as well as granting authorities shall enjoy upon request royalty-free access rights to results for the purpose of developing, implementing and monitoring existing Union policies or programmes in the fields of its competence and the right to grant, or to require the recipients to grant, non-exclusive licenses to third parties to exploit the results under fair and reasonable conditions to be set out in the contractual relationships between the interested parties without any right to sublicense unless otherwise specified in the grant agreement.

2. Without prejudice to applicable export control rules under Member States and associated countries responsibility:

   (a) The national authorities of Member States and associated countries shall enjoy access rights to the special reports of activities funded under Article 44 paragraph 1, point (b). Such access rights shall be granted on a royalty-free basis and transferred by the Commission to the Member States and associated countries after the Commission has ensured that appropriate confidentiality obligations are in place.

   (b) The national authorities of Member States and associated countries shall use the special report solely for purposes related to the use by or for their armed forces, or security or intelligence forces, including within the framework of their cooperative programmes. Such use shall include study, evaluation, assessment, research, design, product acceptance and certification, operation, training and disposal, as well as the assessment and drafting of technical requirements for procurement.

PUBLIC

(c) Where two or more Member States or associated countries have, multilaterally or within the framework of the Union, jointly concluded one or several contracts with one or more recipients to further develop together results of activities supported by the Fund under Article 45 paragraph 1, point (b), they shall enjoy access rights to those results insofar as they are owned by such recipients and are necessary for the execution of the contract or contracts. Such access rights shall be granted on a royalty-free basis and under specific conditions aiming to ensure that those rights are used only for the purposes of the contract or contracts and that appropriate confidentiality obligations are put in place.

(d) For actions supporting development of defence technologies and capabilities, access rights to the results of development actions shall be granted to the national authorities co-financing the action under fair and reasonable conditions to be agreed upon with the recipients generating those results. Terms and conditions for the exercise of such access rights shall be set out in the contractual relationship between the recipients and the national authorities co-financing the action.

(e) For actions supporting defence industrial reinforcement, scale-up, or the establishment of strategic production capacities, the Commission shall be allowed to provide the Member States and associated countries with the relevant action documentation upon request in order to avoid double funding of the same costs.

(f) Where the Union supports common procurement of defence products, participating Member States and associated countries shall make a relevant set of information, such as main characteristics, performances, unit costs and delivery times, available to other Member States and associated countries upon request to allow them to join the procurement at a later stage under fair and reasonable conditions.

(g) Such access rights shall include the right to authorise other legal entities established in the Union or associated countries to use the results on their behalf, under conditions of confidentiality where appropriate.

PUBLIC

3. Any transfer of ownership of results, or the granting of exclusive licences for results, generated with support to legal entities established in non-associated third countries or to non-associated third-country entities shall be subject to prior notification and approval by the Commission or the relevant Member State or associated country authorities, which takes place within 3 years after the final payment of the action, under conditions ensuring the protection of the Union's security and defence interests.

Article 55

Additional applicable rules on classified information

1. Natural persons who are resident in and legal persons that are established in a third country may handle Union classified information regarding the Programme only where they are subject, in those countries, to security regulations ensuring a degree of protection at least equivalent to that provided by the security rules of the Commission and of the Council, as set out in Decision (EU, Euratom) 2015/444 and Decision 2013/488/EU, respectively.

2. Without prejudice to Article 13 of Decision 2013/488/EU and to the rules governing the field of industrial security set out in Decision (EU, Euratom) 2015/444, a natural or legal person, third country or international organisation may be given access to Union classified information where considered to be necessary on a case-by-case basis, according to the nature and content of such information, the recipient's need to know and the degree of advantage to the Union.

3. Where actions involve, require or contain classified information, the relevant funding body shall specify in the documents concerning the call for proposals or tenders the measures and requirements necessary to ensure the security of such information at the requisite level.

4. The equivalence of the security regulations applied in a third country or by an international organisation shall be laid down in a security of information agreement, including industrial security matters if relevant, concluded or to be concluded between the Union and that third country or international organisation in accordance with the procedure provided for in Article 218 TFEU and taking into account Article 13 of Decision 2013/488/EU.

PUBLIC

5. The security framework to ensure the appropriate protection of classified foreground information generated in carrying out in an action funded under this Section shall be established in accordance with Decisions (EU, Euratom) 2015/444 and implementing rules, with the assistance of security experts appointed by the Member States and associated countries on whose territory the beneficiaries are established. The Member States and associated countries, in the framework of the works of the Commission Security Expert Group (ComSEG), shall provide the Commission with a jointly agreed security classification guide. If no such specific jointly agreed security classification guide is set up by the Member States and associated countries, the Commission shall set up the security framework for the action in accordance with the applicable Commission security provisions. The classified foreground information generated in carrying out in an action funded under this Section shall not be disseminated further without a certified "need to know" agreed by the participating Member States and associated countries. The applicable security framework for the action shall in any event be put in place before the signature of the funding agreement.

Article 56

Defence Industrial Advisory Board

1. A Defence Industrial Advisory Board is hereby established.

2. The general task of the Board is to assist and provide advice and recommendations to the Commission pursuant to this Regulation. It shall notably provide advice on the long-term investment strategy of the defence policy window.

3. The Defence Industrial Board shall be composed of representatives of the Member States, of the Commission and of the High Representative/Head of the Agency. Each Member State shall nominate one representative and one alternate representative.

PUBLIC

SECTION 3

SPACE SYSTEMS AND SPACE POLICY IMPLEMENTATION

PUBLIC

Article 57

Specific provisions

1. Activities supported under this section shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (e).

2. Support for activities under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 6.

Article 58

Components

1. The Union space systems and space policy shall be implemented in particular through the following components:

   (a) Positioning, Navigation & Timing (PNT), including Galileo and EGNOS sub-components;

   (b) Earth Observation (EO), including Copernicus and Earth Observation Governmental Service (EOGS) sub-components;

   (c) Secure Connectivity, including Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS²) and Governmental Satellite Communication (GOVSATCOM) sub-components;

   (d) Space Situational Awareness (SSA), including Space Surveillance and Tracking (SST), Space Weather Events (SWE), and Near Earth Objects (NEO) sub-components;

   (e) access to space;

(f) Space commercialisation and space economy;

(g) Technological sovereignty, research and innovation.

Work programmes adopted in accordance with the rules of this Regulation under this section shall integrate in a specific dedicated part and ensure coherence with the Competitiveness and Society activities supported under the Regulation (EU) [XXX][Framework programme Horizon Europe] and taking into account the specific rules under this Section.

Article 59

Positioning, Navigation & Timing (PNT)

1. The Positioning, Navigation & Timing (PNT) component (Galileo and EGNOS sub components) supported under this section shall provide long-term, state-of-the-art and secure positioning, navigation and timing services, without interruption including in adverse conditions, and wherever possible at global level, and be able to support the Union's political priorities.

2. The eligible activities of the PNT component shall include:

(a) at least the management, operation, maintenance, continuous improvement and protection of space-and ground infrastructure and services provided;

(b) the evolution of the PNT services and the development and deployment of future generations of the systems ; including for Low Earth Orbits (LEO-PNT);

(c) the research and development activities supporting the modernization of the infrastructure ('upstream R&D') and the development of applications, user technology, standardisation and certification ('downstream R&D');

(d) the cooperation with other regional or global satellite navigation systems, including to facilitate compatibility and interoperability and the promotion of the role of the Union as a global actor in the space sector, encourage international cooperation, and support European space diplomacy.

PUBLIC

3. The services provided by the Union's PNT component shall in particular cover:

(a) an open service for use by consumers (OS);

(b) a high-accuracy service for professional or commercial use (HAS);

(c) an open service navigation message authentication (OSNMA) for the authentication of the Galileo open service);

(d) a public regulated service restricted to government-authorised users (PRS);

(e) a multi-hazard emergency warning service (EWSS);

(f) a timing service (TS);

(g) a space navigation service for use by operators of space assets;

(h) a global stand-alone search and rescue service, including for governmental users, integrating return communication capabilities to support rescue operation (SAR);

(i) a safety of life services for users for whom safety is essential, including civil aviation, maritime, and other transport applications (SoL);

(j) a data dissemination service (EDAS);

(k) radio-frequency interference monitoring services for different authorised user communities of all space components;

(l) a contribution to complementary PNT services, which shall increase the resilience in case of disruptions to the services provided by the PNT component.

4. PRS shall be free of charge for the Member States, the Council, the Commission, EEAS and, where appropriate, duly authorised Union agencies. The services of the PNT component shall be provided as a priority over the territories geographically located in Europe of all Member States and third countries participating in the PNT sub-components.

PUBLIC

5. The Commission may adopt, by means of implementing acts, measures required to establish and regulate access policies for PNT data and services. These implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 83, paragraph 2.

Article 60

Earth Observation

1. The Earth Observation (EO) system shall consist of Copernicus, and of the Earth Observation Governmental Service (EOGS). Copernicus is an operational, autonomous, user-driven, civil Earth observation system under civilian control, building on the existing national and European capacities. It shall offer geo-information data and services, comprising satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure, based on a free, full and open data policy and, where appropriate, integrating the needs and requirements of security.

2. Copernicus shall also support the formulation, implementation and monitoring of the Union's and its Member States' policies in particular in the fields of environment, climate change, marine, maritime, atmosphere, agriculture and rural development, preservation of cultural heritage, civil protection, infrastructure monitoring, safety and security, as well as digital economy, under the Digital Leadership window, which shall be aligned with the objective of Copernicus.

3. Copernicus shall promote the international coordination of Earth observation systems and related exchanges of data in order to strengthen its global dimension and complementarity taking account of international agreements and coordination processes.

4. 'Copernicus core users' are the Union institutions and bodies and European, national or regional public bodies in the Union or associated third countries entrusted with a public service mission for the definition, implementation, enforcement or monitoring of civilian public policies, such as environmental, civil protection, safety, including safety of infrastructure, or security policies, which benefit from Copernicus data and Copernicus information and have the additional role of driving the evolution of Copernicus.

PUBLIC

5. To ensure its continuity and evolution, and meet the evolving users' needs, in particular Union institutions and bodies and European, national, or regional public bodies in the Union or associated third countries, Copernicus shall in particular be composed of:

(a) Copernicus Infrastructure, including development, deployment, and operations of the Copernicus Sentinels, access to third-party space-based Earth observation data and sustained access to in-situ and other ancillary data, including possible contributions to international in-situ networks;

(b) Copernicus Services, including environmental monitoring on a global level for land, climate change, atmosphere and marine environments; emergency management services; prevention and preparedness services; security services within the Union; including maritime surveillance and border monitoring; support to Union external action and Common Foreign and Security Policy;

(c) Copernicus data access and distribution, including infrastructure and services to ensure the discovery, viewing, access to, distribution and exploitation and long-term preservation of Copernicus data and Copernicus information, in a user-friendly manner, notably the synergies with other data spaces, such as the European Green Deal Data Space or Digital Twins.

(d) The Commission may adopt, by means of implementing acts, technical specifications referring to the eligible actions listed in paragraph 4. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 83, paragraph 2.

6. The Commission may also adopt delegated acts in accordance with Article 84 to supplement Copernicus data and information policy as regards the security limitations as well as the specifications, conditions and procedures for the access to and use of Copernicus data and Copernicus information.

PUBLIC

7. EOGS shall provide enhanced situational awareness in support of preparedness, decision-making and the action of the Union and Member States in the fields of security and defence. EOGS shall in particular comprise satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure. It shall provide secure, reliable, timely, persistent and targeted space-based Earth observation data, reinforcing existing and planned capabilities. It shall complement and build on existing capabilities provided through the European Union Satellite Centre, including those from Member States. EOGS may also provide complementary information to Copernicus Services, in particular for civil protection and security.

8. EOGS shall in particular be composed of:

(a) EOGS Infrastructure, including, development and operations of new Earth-observation space missions designed for sensitive governmental applications; access to complementary third-party space-based Earth observation data; access to in-situ and other ancillary data;

(b) EOGS Services, including activities for the generation of value-added geo-spatial information restricted to government-authorised users for sensitive situational awareness applications, in support of preparedness, decision-making in the fields of security and defence;

(c) EOGS Data access and distribution, including infrastructure and services to ensure the access to, distribution and exploitation and long-term preservation of EOGS data and information, in a secure manner.

9. The Commission may adopt, by means of implementing acts, technical specifications referring to EOGS eligible actions, as listed in paragraph 8. Those implementing acts shall be adopted in accordance with the advisory procedure referred to in Article 83, paragraph 2.

10. The users of EOGS shall be duly authorised by the Commission or Member States, and shall comply with the general security requirements referred to in Article 69. The following entities may be authorised as users of EOGS:

(a) a Union or Member State public authority or body entrusted with the exercise of public authority;

(b) a natural or legal person acting on behalf and under the control of an entity referred to in point (a).

11. Member States may contribute to EOGS with satellite capacities, ground segment sites or part of the ground segment facilities.

12. Union agencies may have access to EOGS only insofar as necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

13. Research and development activities shall support the evolution of Copernicus and EOGS, including their services, and downstream R&D for applications and user technology for the uptake of Earth Observation services.

Article 61

Secure Connectivity

1. The scope of the Secure Connectivity component shall in particular be:

(a) ensuring the long-term availability of reliable, secure and cost-effective governmental services and GOVSATCOM services;

(b) enabling IRIS² commercial services;

(c) enabling, where possible, the development of communication and additional non-communication services, in particular by improving activities and components under this section, creating synergies between them and expanding their capabilities and services, as well as the development of non-communication services to be provided to Member States, by hosting additional satellite subsystems, including payloads;

(d) improving secure connectivity over geographical areas of strategic interest such as Africa and the Arctic as well as the Baltic, the Black Sea, Mediterranean regions and the Atlantic.

PUBLIC

2. This component shall cover in particular the following eligible activities:

(a) the definition, design, development, validation and related deployment activities for the necessary space and ground infrastructure required for the provision of IRIS² governmental services;

(b) exploitation activities providing IRIS² governmental services, comprising the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management;

(c) the gradual integration of EuroQCI into the Secure Connectivity system;

(d) research and development of activities for the future generations of space and ground infrastructure, the evolution of IRIS² governmental services; and GOVSATCOM services, technological development, notably to ensure Union technological sovereignty, and the uptake of secure connectivity services, including activities relating to the design, development and manufacturing of user terminals;

(e) the procurement and provision of governmental and commercial satellite communication capacities, services, and user equipment necessary for the pooling and sharing of GOVSATCOM services; capacities, services, and user equipment, which shall be provided by:

(1) GOVSATCOM participants as referred to in paragraph 17; or

(2) legal persons duly accredited to provide satellite communication capacities or services in accordance with the security accreditation procedure referred to in Article 69, which shall be done in compliance with the general security requirements referred to in Article 77.

PUBLIC

3. IRIS² and GOVSATCOM infrastructures shall include the following requirements:

(a) The IRIS² infrastructure shall be modular and consist of a governmental infrastructure and a commercial infrastructure. It shall include all the relevant ground and space segments which are required for the provision of the governmental services, including the relevant control centres.

(b) The IRIS² commercial infrastructure of the secure connectivity system shall include all space and ground assets other than those being part of the governmental infrastructure. The commercial infrastructure shall not impair the performance or security of the governmental infrastructure. The commercial infrastructure and any related risks shall be entirely financed by the private sector.

(c) The IRIS² governmental infrastructure shall host, where appropriate, additional satellite subsystems, in particular payloads, that may be used as part of the space-based infrastructure of the other space components of the ECF, as well as satellite subsystems used for the provision of non-communication services to Member States.

(d) The GOVSATCOM infrastructure shall include infrastructure necessary to enable the provision of GOVSATCOM services, particularly the GOVSATCOM Hub.

(e) The ground and space segments referred in paragraphs 3 and 4 and their operation shall comply with the general security requirements referred to in Article 77 paragraph 3.

4. The provision of Secure Connectivity services shall be ensured as laid down in a service portfolio, and in accordance with operational requirements and in accordance with the security requirements referred to in Article 77. The provision of GOVSATCOM services shall also follow the sharing and prioritisation rules referred to paragraph 9.

5. Access to GOVSATCOM services and IRIS² governmental services shall be free of charge for institutional and governmental users unless the Commission sets out a pricing policy in accordance with paragraph 11.

PUBLIC

6. The Commission shall adopt, by means of implementing acts, the service portfolio for GOVSATCOM services and IRIS² governmental services, including services to government-authorised users based on the commercial infrastructure.

7. The Commission shall adopt, by means of implementing acts, the operational requirements for GOVSATCOM services and IRIS² governmental services.

8. The sharing and prioritisation of GOVSATCOM services shall prioritise GOVSATCOM users according to their relevance and criticality. The Commission shall adopt, by means of implementing acts, the detailed rules on the sharing and prioritisation of GOVSATCOM capacities, services, and user equipment. The Commission shall also adopt, by means of implementing acts, detailed rules on the provision of IRIS² governmental services. When drawing those acts, the Commission shall take into account the expected demand for the different use-cases, the analysis of security risks for those use-cases and, where appropriate, cost-efficiency.

9. When the analysis of risks and expected demand referred to in paragraph 11 concludes there is a shortage of capacities or where demand exceeds the access capacity for IRIS² governmental services, which may lead of a distortion of the market, the Commission may adopt, by mean of implementing acts, a pricing policy. By adopting a pricing policy, the Commission shall ensure that the provision of GOVSATCOM services and the IRIS² governmental services does not distort competition, that there is no shortage of those services and that the price identified will not result in an overcompensation for the contracts referred to in paragraph 20.

10. The implementing acts referred to in paragraphs 9 to 12 shall be adopted in accordance with the examination procedure referred to in Article 83 paragraph 3.

11. Member States, the Council, the Commission and the EEAS shall be Secure Connectivity participants insofar as they authorise users, or provide satellite communication capacities, ground segment sites or part of the ground segment facilities.

PUBLIC

12. Union agencies may become secure connectivity participants only insofar as necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

13. Third countries and international organisations may become secure connectivity participants subject to a specific dedicated international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11, paragraph 3 of this Regulation.

14. The users of governmental services shall be duly authorised by the participants to use GOVSATCOM services or the IRIS² governmental services and shall comply with the general security requirements referred to in Article 77, paragraph 3. The following entities may be authorised as users of GOVSATCOM services or IRIS² governmental services:

    (a) a Union or Member State public authority or a body entrusted with the exercise of public authority;

    (b) a natural or legal person acting on behalf and under the control of an entity referred to in point (a).

15. IRIS² shall be implemented through a concession contract. If the IRIS² concession contract fails, the Commission shall ensure an optimal implementation by procuring, as appropriate, a supply, service or works contract or a mixed contract.

16. The Commission shall take the necessary measures to ensure the continuity of the IRIS² governmental services if the contractors referred to in this Article are unable to fulfil their obligations.

PUBLIC

17. The contracts referred to in this Article shall in particular ensure that the provision of services based on the IRIS² commercial infrastructure preserves the Union's essential interests and the objectives of the sub-component. Those contracts shall also include adequate safeguards to avoid any overcompensation of the contractors referred to in this Article, distortions of competition, conflicts of interest, undue discrimination or any other hidden indirect advantages. Such safeguards may include the obligation of accounting separation between the provision of IRIS² governmental services and the provision of IRIS² commercial services, including the setting up of a structurally and legally separate entity from the vertically integrated operator for the provision of governmental services, and the provision of open, fair, reasonable and non-discriminatory access to the infrastructure necessary for the provision of commercial services. The contracts shall also ensure that the conditions on eligibility are met throughout their duration.

18. Where the IRIS² governmental and commercial services rely on common subsystems or interfaces to ensure synergies, the contracts referred to in this Article shall also determine which of those interfaces and common subsystems shall be part of the governmental infrastructure in order to ensure the protection of the security interests of the Union and its Member States.

19. The contractors referred to in this Article shall entirely finance the commercial infrastructure referred to in paragraph 3 in order to fulfil the objective referred to in paragraph 1, point (b).

Article 62

Space Surveillance and Tracking

1. The SST sub-component of SSA shall in particular include:

   (a) the establishment, development and operation of a network of sensors of the Member States, be selected by architecture studies, comprising ground-based and space-based SST sensors of the Member States, be selected by architecture study, including sensors developed through the European Space Agency, of Union commercial sector, and of Union sensors aiming to survey and track space objects and produce an autonomous European catalogue of space objects;

(b) the processing and analysis of SST data in order to produce SST information and SST services;

(c) the provision of the SST services to the SST users;

(d) seeking, fostering and supporting synergies with initiatives promoting development and deployment of technologies for spacecraft disposal at the end of operational lifetime and of technological systems for the prevention and elimination of space debris,

(e) the cooperation, including at operational level, with the international initiatives in the space traffic coordination;

(f) the delivery of the activities established by Regulation (EU) [XXX] [safety, resilience and environmental sustainability of space activities in the Union]

(g) research and development activities supporting the evolution of the SST, including its services

2. The SST sub-component shall also provide technical and administrative support to ensure the transition between the SST activities performed under the ECF and the SST activities performed under Regulation (EU) 2021/696.

3. The SST Partnership created under Regulation (EU) 2021/696 shall continue to be in effect under the ECF. The Commission may adopt, by means of implementing acts, detailed rules for the inclusion at a later stage of a Member State in the SST Partnership. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

4. The tasks of the SST Partnership referred to in paragraph 5 shall be extended to support the SST implementation. The Commission is empowered to adopt delegated acts in accordance with Article 84 to supplement this paragraph with the detailed list of tasks to be performed by the SST Partnership.

PUBLIC

5. SST services shall be free of charge, available at any time without interruption and adapted to the needs of the SST users and shall comprise:

(a) the risk assessment of collision between spacecraft or between spacecraft and space debris and the potential generation of collision avoidance alerts during the phases of launch, early orbit, orbit raising, in-orbit operations and disposal phases of spacecraft missions;

(b) the detection and characterisation of in-orbit fragmentations, break-ups or collisions;

(c) the risk assessment of the uncontrolled re-entry of space objects and space debris into the Earth's atmosphere and the generation of related information, including the estimation of the timeframe and likely location of possible impact;

(d) the development of activities related to space debris mitigation in order to reduce their generation, space debris remediation, the monitoring of launch after injection, specific services for constellations, the establishment of a marketplace for SST services, preparation of the system to Cislunar operations, support to in-space operations and services, and to dark and quiet sky.

6. The SST services may comprise services for governmental SST users based on the catalogue referred to paragraph 1, point a.

7. The Commission is empowered to adopt delegated acts to supplement the list of non-core users and specify the services that they may have access to.

8. The Commission may adopt, by means of implementing acts, the operational and access requirements as well as the security and technical specifications for SST services. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

9. SST Users shall comprise:

(a) SST core users, which shall have access to all SST services: Member States, the EEAS, the Commission, the Council, the Agency as well as public and private spacecraft owners and operators established in the Union;

PUBLIC

(b) SST non-core users;

(c) Governmental SST users for the governmental service: Member State authorities, the EEAS, the Council.

10. The Commission may adopt, by means of implementing acts, detailed provisions concerning the access to SST services by the SST users and relevant procedures. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

11. The SST sub-component shall not be open to the participation of third countries, except Norway.

Article 63

Near-Earth Objects

1. The objective of the NEO sub-component of SSA is the risk monitoring of natural objects in the solar system which are approaching the Earth.

2. Eligible activities under NEO shall in particular cover relevant activities to fulfil the objective set out in paragraph 1, notably support activities related to the maintenance and data entries of the Union catalogue of physical properties of near-Earth objects.

3. and research and development activities supporting the evolution of the NEO, including its services, and downstream R&D for applications and user technology for the uptake of NEO services.

Article 64

Space Weather Events

1. The objective of the SWE is to monitor and assess natural changes related to space weather events, such as solar winds and solar flares.

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2. Eligible activities under SWE shall encompass all the activities required to provide space weather services, including research and development activities supporting the evolution of the SWE, as well as its services and downstream R&D for applications and user technology for the uptake of SWE services.

3. SWE services shall aim to be available at any time without interruption and shall in particular comprise:

   (a) the Space domain;

   (b) the PNT domain;

   (c) the EO domain;

   (d) the Telecommunication / SATCOM domain.

4. The Commission may adopt, by means of implementing acts, detailed provisions concerning SWE services, including requirements and technical specifications relating to those services. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

Article 65

Access to space

1. Access to space is the ability to launch and transport spacecraft to, in and from space.

2. The Union shall foster an autonomous and resilient access to space, by supporting European reliable and cost-efficient launch services together with a cohesive European approach, taking into account the essential security interests of the Union and its Member-States.

3. In synergies with other Union programmes and funding schemes, the eligible activities shall cover in particular:

   (a) procurement and aggregation of launch services for the needs of the Union and, at their request, aggregation and joint procurement of launch services for the needs of Member States, international organisations, and other public entities;

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(b) access to space innovation, including the upgrade and development of new technologies and systems and services.

(c) development, adaptation, construction, maintenance and operation of critical Union based ground infrastructure, including but not limited to the facilities necessary to test, launch and recover access to space technologies and services capabilities.

4. The Commission shall establish a Steering Board among European public entities, including Member-States, the Agency established in accordance with Regulation (EU) [XXX] [future EUSPA founding Regulation] other relevant international organisations and public entities to coordinate European activities in access to space.

5. In order to protect the security interests of the Union, the space assets of the governmental infrastructure shall be launched by service providers, that comply with the eligibility and participation conditions set out in Article 69 and, only in justified exceptional circumstances or on a basis of an international agreement providing for such activity, from the territory of a third country.

Article 66

Space commercialisation and space economy

1. CASSINI shall constitute the Union's space entrepreneurship initiative. CASSINI shall undertake actions to support the commercialisation of the Union space industry and services, in particular focusing on entrepreneurship, and to leverage private investment, supporting entrepreneurs to grow and scale in the Single Market

2. This component shall include the following eligible activities:

(a) creation of Union Investment facilities for seed, early growth, and growth-stage private investment, and facilitating exits for founders and investors;

(b) creation of an Union industrial upscaling facility to enable investment into new manufacturing facilities and reinforce Union-based supply chains;

(c) support to the development of the Union of skills targeted to the space sector, including skills intelligence, space curricula development, upskilling, reskilling, mobility and exchange programmes;

(d) strengthening the local space ecosystems bringing together different actors to promote space innovation, provide support, facilities and services to citizens and companies to foster entrepreneurship, notably through technology transfer, business incubation business acceleration services, matchmaking and investor networking and by enabling improved market access and international business networks;

(e) schemes to accelerate commercial growth through the use of anchor customer contracts and schemes to onboard customers on both private and public sector markets, involving space components and infrastructures as well as products using space data and services.

(f) any additional action necessary to support the Union's space economy and the establishment of a Single Market for space.

Article 67

Technological sovereignty, research and innovation

1. The technological sovereignty and innovation component shall enable the Union to build a competitive, autonomous, and innovative space industrial ecosystem, aiming to enhance the Union's technological sovereignty, non-dependence, and self-sufficiency in the space sector. It shall foster the development and uptake of cutting-edge space solutions. It shall prioritize the reduction of critical dependencies on non-Union technologies and focus on dual-use technologies that can benefit both civil and defence applications.

2. The component shall include the following eligible activities:

(a) activities related to Union's technological sovereignty, such as research, development, and uptake of critical space technologies, including those directly responding to the EU Observatory of Critical Technologies, (OTC) and implementation of related OCT roadmaps that reduce Union dependencies and enhance competitiveness of the Union space ecosystem;

(b) activities aiming at improving the timely availability of critical raw and advanced materials, components and technologies for the sector, including through the reduction of their delivery lead time, reservation of manufacturing slots or stockpiling of products, intermediate products or raw materials;

(c) the research and development of new Union Space capabilities and related enabling technologies fostering a new in-space economy, specifically through the maturation, demonstration and operationalisation of In-Space Operations and Services, and quantum sensing technologies;

(d) boosting Union industrial competitiveness in global commercial markets, including through demonstrator missions advancing the degree of digitalisation of end-to-end space systems;

(e) exploring and leveraging synergies with complementary domains such as defence and other relevant sectors for key areas such as Artificial Intelligence and cybersecurity;

(f) supporting standardisation and certification activities relevant for the Union space sector;

(g) facilitating availability and access to testing and data processing facilities.

(h) promotion of Copernicus user uptake for Copernicus core users with, market development and capacity building, including promotion of Copernicus data and services, downstream applications and their development at all levels to maximise socio-economic benefits, as well as the collection and analysis of Copernicus users' needs.

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Article 68

Access to services

1. Third countries and international organisations may have access to Secure Connectivity services and EOGS subject to an agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(3), laying down the terms and conditions for access to those services, and on the condition that they comply with Article 78.

2. Third countries and international organisations not having their headquarters in the Member States may have access to secure sensitive SST services subject to an agreement concluded, provided that they conclude an agreement, in accordance with Article 218 TFEU, laying down the terms and conditions for access to those services and comply with the security requirements referred to in Article 77.

3. The access of third countries and international organisations to the Public Regulated Service (PRS) provided by Galileo shall be governed by Article 3(5) of Decision No 1104/2011/EU of the European Parliament and of the Council.

4. By derogation to paragraph 2, no agreement concluded in accordance with Article 218 TFEU shall be required to access SST services relating to collision avoidance and re-entry.

Article 69

Eligibility and participation conditions for the preservation of the security, integrity and resilience of operational space systems of the Union

1. The Commission shall apply the eligibility and participation conditions set out in paragraph 2 to the procurement, grants or prizes under this Title if it deems that this is necessary and appropriate to preserve the security, integrity and resilience of the operational Union systems, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains, while preserving an open economy.

PUBLIC

2. Before applying the eligibility and participation conditions in accordance with paragraph 1 the Commission shall inform the Committee referred to in Article 83, paragraph 1, point (g) and shall take utmost account of the Member States' views on the scope of application of and the justification for those eligibility and participation conditions.

3. The eligibility and participation conditions shall be as follows:

(a) the eligible legal entity is established in a Member State and its executive management structures are established in that Member State;

(b) the eligible legal entity commits to carry out all relevant activities in one or more Member States; and

(c) the eligible legal entity is not to be subject to control by a third country or by a third country entity.

4. The Commission may set out, by means of implementing acts, the criteria determining which ability to exercise a decisive influence over a legal entity, directly, or indirectly through one or more intermediate legal entities may have an impact on the security, integrity and resilience of the security, integrity and resilience of the operational Union systems, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains.

5. The Commission may waive the conditions of paragraph 3, points (a) and (b) for a particular legal entity upon evaluation based on the following cumulative criteria:

(a) for specific technologies, goods or services needed for the activities referred to in paragraph 1 no substitutes are readily available in the Member States;

(b) the legal entity is established in a country which is a member of the EEA or EFTA and which has concluded an international agreement with the Union as referred to in Article 11, its executive management structures are established in that country and the activities linked to the procurement, grant or prize are carried out in that country or in one or more such countries; and

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(c) sufficient measures are implemented to ensure the protection of EUCI under Article 78 and the integrity, security and resilience of the Programme's components, their operation and their services.

6. By way of derogation from point (b) of the first subparagraph of this paragraph, the Commission may waive the conditions under points (a) or (b) of the first subparagraph of paragraph 2 for a legal entity established in a third country which is not a member of the EEA or EFTA

7. The Commission may waive the condition under point (c) of paragraph 3 if the legal entity established in a Member State provides the following guarantees:

(a) control over the legal entity is not exercised in a manner that restrains or restricts its ability to:

(1) carry out the procurement, grant or prize; and

(2) deliver results, in particular through reporting obligations;

(b) the controlling third country or third country entity commits to refrain from exercising any controlling rights over or imposing reporting obligations on the legal entity in relation to the procurement, grant or prize; and

(c) the legal entity complies with Article 69.

8. The competent authorities of the Member State in which the legal entity is established shall assess whether the legal entity complies with the criteria set out in point (c) of paragraph 5 for waivers relative to condition (3)(b) and guarantees referred to in paragraph 7. The Commission shall comply with that assessment.

9. The Commission shall provide the following to the Programme committee referred to in Article 83, paragraph 1, point g:

(a) the scope of application of eligibility and participation conditions referred to in paragraph 1 of this Article;

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(b) details and justifications on the waivers granted in accordance with this Article; and;

(c) the evaluation that formed the basis for a waiver, subject to paragraphs 3 and 4 of this Article, without divulging commercially sensitive information.

10. The conditions set out in paragraph 3, the criteria set out in paragraphs 4, 5 and 6 and the guarantees set out in paragraph 7 shall be included in the documents relating to the procurement, grant or prize, as applicable, and, in the case of procurement, they shall apply to the full life cycle of the resulting contract.

11. This Article is without prejudice to Decision No 1104/2011/EU and Commission Delegated Decision of 15.9.2015 (43), Regulation (EU) 2019/452, Decision 2013/488/EU and Decision (EU, Euratom) 2015/444 and to the security vetting carried out by Member States with regard to legal entities involved in activities requiring access to EUCI subject to the applicable national laws and regulations.

12. If contracts resulting from the application of this Article are classified, eligibility and participation conditions applied by the Commission in accordance with paragraph 1 shall be without prejudice to the competence of national security authorities.

13. This Article shall not interfere with, amend or contradict any existing Facility Security Clearance and Personnel Security Clearance procedure within a Member State.

Article 70

Ownership of Union space assets and access to results

1. Except as provided under paragraph 2, the Union shall be the owner of all tangible and intangible assets created, developed or purchased under direct or indirect management in the implementation of activities supported under this section. To that effect, the Commission shall ensure that relevant contracts, agreements and other arrangements relating to the activities which may result in the creation or development of such assets contain provisions ensuring the Union's ownership.

PUBLIC

2. Paragraph 1 shall not apply to the tangible and intangible assets created or developed under direct or indirect management in the implementation of the activities supported under this section:

(a) where Union support is provided in the form of grants, prizes or pre-commercial procurement, or

(b) the activities are not fully financed by the Union, except as otherwise specified and with the exclusion of IRIS², or

(c) the activities relate to PRS receivers developed by Member States.

3. In the conditions set in paragraph 2, Union institutions, bodies, offices or agencies shall not acquire ownership but enjoy royalty-free access rights to results for own use and the right to grant, or to require the recipients to grant, non-exclusive licences to third parties to exploit the results under fair and reasonable conditions without any right to sublicense.

4. The Union shall be entitled to conclude the relevant agreements in order to acquire ownership of assets developed by third parties where such assets are necessary to the fulfilment of the objectives laid down in Article 3.

5. The Commission shall ensure that the Union has the following rights:

(a) the right of use of the frequencies required for the transmission of the signals generated by the governmental infrastructure of IRIS², the PNT components and the EO components in accordance with the applicable laws and regulations and the relevant licensing agreements, enabled by the relevant filings for the frequencies provided by the Member States, which remain under the responsibility of the Member States;

(b) the right to prioritise the provision of the IRIS² governmental services over commercial services, in accordance with the terms and conditions to be established in the contracts referred to in Article 61 and by taking into consideration the needs of government-authorised users.

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Article 71

Warranty and liability

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

2. For SST, Member States participating in the SST sub-component shall not be held liable for: damage resulting from the lack of or interruption in the provision of SST services, delay in the provision of SST services; inaccuracy of the information provided through the SST services or action undertaken in response to the provision of SST services.

Article 72

Complementary procurement rules

1. While protecting the Union's autonomy, the contracting authority may request that the tenderer subcontracts part of the contract by competitive tendering at the appropriate levels of subcontracting to companies other than those which belong to the tenderer's group. For contracts above EUR 10 million, the contracting authority shall aim to ensure that at least 30 % of the value of the contract is subcontracted by competitive tendering at various levels of subcontracting to companies outside the group of the prime tenderer, in particular in order to enable the cross-border participation of SMEs in the space ecosystem. The tenderer shall provide reasons for not fulfilling a request made to sub-contract or for deviating from the 30% target. The contracting authority may include specific requirements in the award procedure documentation to ensure that prime contractors follow the principles of the procurement set in this regulation during the execution of the contract, notably as regards the involvement of SMEs and new entrants, competition, constant benchmarking with the best market conditions.

PUBLIC

2. The procurements relating to governmental services, service continuity or the fulfilment of the objectives referred to in Article 3(2), point (d).3, notably as regards security, shall be deemed to satisfy the condition of urgency established in point 11.1.c) of Annex I of the Financial Regulation.

Article 73

Complementary grant rules

1. **[**The Union may cover up to 100 % of the eligible costs, without prejudice to the co-financing principle.**]**

2. By way of derogation from Article 184(6) of the Financial Regulation when applying flat rates, the authorising officer responsible may authorise or impose funding of the beneficiary's indirect costs up to a maximum of 25 % of total eligible direct costs for the action.

3. By way of derogation from Article 207 of the Financial Regulation, the maximum amount of financial support that can be paid to a third party shall not exceed EUR 200 000.

4. The SST partnership shall be considered as the predefined beneficiary of the SST grant.

Article 74

Complementary indirect management rules

1. A tripartite agreement in accordance with Article 131 of Regulation (EU, Euratom) 2024/2509 shall be concluded with both the Agency established in accordance with Regulation (EU) [XXX] [future EUSPA founding Regulation] and the European Space Agency, subject to which [EUSPA] and the European Space Agency may be entrusted with budget implementation tasks.

PUBLIC

2. Whenever a Tender Evaluation Board is established by the Agency or ESA for a procurement performed under the tripartite agreement, experts from the Commission and, where relevant, from the other entrusted entity can reserve the right to participate as members in the Tender Evaluation Board meetings, have access to all deliverables and attend review meetings. Such participation shall not affect the technical independence of the Tender Evaluation Board

3. By way of derogation from Article 62(1) of the Financial Regulation and subject to the Commission's assessment of the protection of the Union's interests, tasks entrusted under indirect management to the Agency, or its successors, may be further entrusted by the Agency to bodies referred to in Article 62(1), point (c), of Regulation (EU, Euratom) 2024/2509 under the conditions of indirect management applying to the Commission.

4. Whenever procurement or grant activities are implemented via indirect management by entrusted entities, communications activities, dissemination activities and any infrastructure, equipment, vehicles, supplies or major result funded by the procurement or grant must acknowledge the Union support and display the European flag (emblem) and funding statement (translated into local languages, where appropriate) in accordance with the Commission' standard communication rules.

Article 75

Roles

1. The Member States shall take all the necessary measures to ensure the smooth functioning of the actions supported under this section and may contribute with their technical competence, know-how and assistance, in particular in the field of safety, security, and frequency allocation. This contribution shall include, but not be limited to, making available to the Union data, information, services and infrastructure in their possession or located on their territory, that are necessary to the good functioning of the actions. The Member States shall be responsible, at local level, for the accreditation of the security of sites that are located within their territory and form part of the security accreditation area for the components, notably Member States participating in the SST Partnership shall perform security accreditation on the basis of the general security requirements referred to in Article 77.

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2. The Commission shall have overall responsibility for the implementation of the components referred to in this Section, including in the field of security, without prejudice to Member States' prerogatives in the area of national security and supervise their implementation.

3. The Commission shall

(a) manage any of the components or subcomponents not entrusted to another entity;

(b) determine the priorities and long-term evolution of those components, in line with the user requirements, and shall supervise their implementation.

(c) determine and coordinate the international dimension of the components, to ensure coherence with the Union policies for external action and a consistent approach thereof.

4. Where necessary to further define and specify the governance, security and provision of services under this chapter, the Commission may, by means of implementing acts, complement the catalogue of services provided and shall determine the technical and operational requirements needed for the implementation of and evolution of the components under this chapter and of the services they provide after having consulted users and other stakeholders. When determining those technical and operational requirements, the Commission shall avoid reducing the general security level and shall meet backwards compatibility requirements. Those implementing acts shall be adopted in accordance with Article 83, paragraph 2.

5. Where necessary, the Commission shall, by means of implementing acts, adopt measures required to determine the location of the ground-based infrastructure following an open and transparent process, ensuring sound financial management and the protection of security and public order of the Union and its Member States. Those implementing acts shall be adopted in accordance with Article 83, paragraph 2.

6. The Agency shall have its own tasks and may be entrusted by the Commission with other tasks in accordance with Regulation (EU) [XXX] [EUSPA founding Reg].

PUBLIC

7. Provided that the interests of the Union are protected, ESA may be entrusted with the following tasks:

(a) as regards PNT: major systems evolution and design and development of parts of the ground segment, and of satellites, including testing and validation;

(b) as regards Copernicus: i) coordination and implementation of the space component and its evolution; ii) design, development and construction of the Copernicus space infrastructure, including the operations of that infrastructure and related procurement, except when those operations are done by other entities; iii) where appropriate, provision of access to third-party data;

(c) as regards EOGS: design and development of new Earth-observation space missions and parts of associated ground segment;

(d) as regards : (i) IRIS²: the supervision of the development, of the validation and of the related deployment activities relating to the definition, design, development, validation and deployment phases for the governmental services and of the development and evolution necessary for the provision of governmental services, ensuring coordination between the tasks and budget entrusted to ESA and possible contribution by ESA, excluding pooling and sharing related actions referred to in Article 47, paragraph 2, point a; (ii) the provision of its technical expertise, including during the implementation of the components;

8. On the basis of an assessment by the Commission, ESA may be entrusted with other tasks based on the needs of the activities under this section, provided that those tasks do not duplicate activities performed by another entrusted entity and that they aim to improve the efficiency of the implementation of the space window's activities.

9. Provided that the interests of the Union are protected, the Commission may also entrust, in full or in part, tasks to implement the components supported under this section to relevant entities, such as the European Organisation for the Exploitation of Meteorological Satellites, the European Environment Agency, the European Border and Coast Guard Agency, the European Maritime Safety Agency, the European Union Satellite Centre, the European Centre for Medium-Range Weather Forecasts, and [Mercator International Centre for the Ocean].

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Article 76

Competent authorities

1. Where necessary for security sensitive components, such as Positioning Navigation and Timing, Earth Observation, and Secure Connectivity, each participant to that component appointed to supervise the access to services shall designate a competent authority for each component. The competent authority shall ensure that:

   (a) the use of the relevant services is in compliance with the general security requirements referred to in Article 77;

   (b) the access rights to the relevant services are determined and managed;

   (c) user equipment necessary for the use of the relevant services and associated electronic communication connections and information are used and managed in accordance with the general security requirements referred to in Article 77;

   (d) a central point of contact is established to assist as necessary in the reporting of security risks and threats, in particular the detection of potentially harmful electromagnetic interference affecting the services developed under the space policy window.

2. By derogation to paragraph 1, the actions, tasks and functioning of PRS Competent Authorities are referred to in Article 5 of Decision No 1104/2011/EU.

Article 77

Principles of governance and security

1. The principles of governance for the specific activities and components under this section shall be based on the following:

   (a) clear distribution of tasks and responsibilities between the entities involved in the implementation, building on their respective competences and avoiding any overlaps or duplications in tasks and responsibilities and thus ensuring clear accountability;

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(b) relevance of the governance structure to the specific needs of each component and measure as appropriate;

(c) strong control of the activities and components, including strict adherence to cost, schedule and performance by all the entities, within their respective role and tasks;

(d) transparent and cost-efficient management;

(e) service continuity and necessary infrastructure continuity, including protection from relevant threats;

(f) systematic and structured consideration of the needs of users of the data, information and services provided by the [components], as well as of related scientific and technological evolutions;

(g) constant efforts to control and reduce risks.

2. The principles of security or the specific activities and components under this section shall be based on the following:

(a) to take account of the experience of the Member States in the field of security and draw inspiration from their best practices;

(b) to ensure the protection of the ground infrastructures which form an integral part of the space policy window and which are located on their territory the Member States shall take measures which are at least equivalent to those necessary for the protection of European critical infrastructures within the meaning of Council Directive 2008/114/EC;

(c) to use the security rules of the Council and of the Commission, which provide, inter alia, for a separation between operational functions and those associated with accreditation;

(d) to consider the Commission as Originator of all classified information created by entrusted entities as referred to in Article 68, paragraph 1;

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(e) to ensure that the Security Accreditation Board established by Regulation (EU) [XXX] [EUSPA founding Reg] performs its tasks without prejudice to the responsibilities of the Commission or to those entrusted entities, and without prejudice to the competences of the Member States as regards security accreditation;

(f) The security accreditation decisions, as well as the residual risks identified, shall be communicated by the Commission to the Council for information. The Commission may adopt any adequate measures in accordance with this Regulation;

(g) to establish a structure to coordinate the operations of the governmental services of the different components with designated national competent authorities or national entities for relevant component

3. The Commission shall ensure that a risk and threat analysis is performed for each new component and maintained for the existing components. Based on that analysis, it shall determine, by means of implementing acts, for each component, the general security requirements. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

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

Article 78

Complementary rules on the protection of classified information

1. The exchange of classified information related to the components supported under this sections hall be subject to the existence of an international agreement between the Union and a third country or international organisation on the exchange of classified information or, where applicable, an arrangement entered into by the competent Union institution or body and the relevant authorities of a third country or international organisation on the exchange of classified information, and to the conditions laid down therein.

PUBLIC

2. Natural persons resident in and legal persons established in third countries may deal with EUCI regarding the space policy window's only where they are subject, in those third countries, to security regulations ensuring a degree of protection at least equivalent to that provided by the Commission's rules on security set out in Decision (EU, Euratom) 2015/444 and by the security rules of the Council set out in the Annexes to Decision 2013/488/EU. The equivalence of the security regulations applied in a third country or international organisation shall be defined in a security of information agreement, including, if relevant, industrial security matters, concluded between the Union and that third country or international organisation in accordance with the procedure provided for in Article 218 TFEU and taking into account Article 13 of Decision 2013/488/EU.

3. Without prejudice to Article 13 of Decision 2013/488/EU and to the rules governing the field of industrial security as set out in Decision (EU, Euratom) 2015/444, a natural person or legal person, third country or international organisation may be given access to EUCI where deemed necessary on a case-by-case basis, according to the nature and content of such information, the recipient's need-to-know and the degree of advantage to the Union.

SECTION 4
SUPPORT FOR SECURITY INDUSTRY POLICY

Article 79

Specific provisions for support to civil security industry policy

1. Actions supported under this section shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (f).

2. Support for actions under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 6.

3. Actions shall be implemented in accordance with the general provisions set out in Chapter I and any additional rules set out in this section.

Article 80

Specific activities to support civil security industry policy

1. Support for civil security industry policy shall address in particular the following application areas:

   (a) Security and resilience of critical civil infrastructures, in particular against hybrid threats;

   (b) Technologies, capabilities and solutions relevant for the prevention of and response to crime, in particular terrorism and violent extremism, organised crime and cyber-enabled crime

   (c) Technologies, capabilities and solutions for the control of goods and persons at borders, the protection of borders and logistical hubs, maritime security and surveillance and customs security;

   (d) Civil preparedness against security threats, whether natural or human-made, accidental or intentional.

2. Support for civil security industrial policy shall be implemented in particular through the following activities:

   (a) Research and innovation, scale-up, SME support, skills development, and manufacturing actions;

   (b) Testing and validation of technologies and solutions;

   (c) Deployment and market uptake of technologies and solutions, in particular by security practitioners;

   (d) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy

PUBLIC

3. Support provided through the activities referred to in paragraphs 1 and 2, may be provided in any form, including through collaborative research and innovation activities set out in Regulation (EU) [XXX][Framework Programme for Research and Innovation] and identified in a specific dedicated part of the Work Programme.

4. Work programmes adopted in accordance with the rules of this Regulation under this section shall integrate in a specific dedicated part and ensure coherence with Competitiveness and Society activities supported under the Regulation (EU) [XXX] [Horizon Europe Framework programme for Research and Innovation.

Article 81

Ownership of results

1. Where Union support is provided in the form of procurement, results shall be owned by the Union.

2. Where Union support is provided in the form of a grant, Union institutions, bodies, offices or agencies shall enjoy upon request royalty-free access rights to results for the purpose of developing, implementing and monitoring existing Union policies or programmes in the fields of its competence and the right to grant, or to require the recipients to grant, non-exclusive licenses to third parties to exploit the results under fair and reasonable conditions without any right to sublicense unless otherwise specified in the grant agreement.

3. Any transfer of ownership of results, or the granting of exclusive licences for results, generated with support to legal entities established in non-associated third countries or to non-associated third-country entities shall be subject to prior notification and approval by the Commission or the relevant Member State or associated country authorities, which takes place within 3 years after the final payment of the action, under conditions ensuring the protection of the Union's security interests.

Article 82

Complementary grant rules

1. For activities supporting Coordination and Support Actions in the area of civil security industry, the Union may cover up to **[100]**~~100~~ % of the eligible costs, without prejudice to the co-financing principle.

2. By way of derogation from Article 184(6) of the Financial Regulation when applying flat rates, the authorising officer responsible may authorise or impose funding of the beneficiary's indirect costs up to a maximum of 25 % of total eligible direct costs for the action.

Chapter VIII
Final Provisions

Article 83

Committee procedure

1. The Commission shall be assisted by a committee, which shall be the committee within the meaning of Regulation (EU) No 182/2011, and may convene in the following configurations:

   (a) ECF General Committee, for matters concerning the general objectives or matters concerning more than one of the specific objectives set out in Article 3(2);

   (b) Clean Transition Committee for matters concerning specific objectives set out in Article 3(2), point (a);

   (c) Health, Biotech, Agriculture and Bioeconomy Committee for matters concerning specific objectives set out in Article 3(2), point (b);

   (d) Digital Committee for matters concerning specific objectives set out in Article 3(2), point (c);

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(e) Defence Industry Committee for matters concerning specific objectives set out in Article 3(2), point (d)

(f) Resilience Committee for matters concerning specific objectives set out in Article 3 (2), point (d) ;

(g) Space Committee for matters concerning specific objectives set out in Article 3(2), point (d), In accordance with its rules of procedure, the Space Committee may set up sub-committees and working groups, such as the 'User Forum', to advise on user requirements aspects, evolution of the services and user uptake.

(h) Security Industry Committee for matters concerning specific objectives set out in Article 3(2), point (d).4.

2. ~~Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.~~

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.

4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

5. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

6. The Committees in points b) through h) of paragraph 1 may convene in different configurations or sub-committees aligned with the specific components of the policy windows.

PUBLIC

7. In accordance with international agreements concluded by the Union, representatives of third countries, international organisations or other European Union institutions, bodies and agencies may be invited as observers in the meetings of the committee configurations under the conditions laid down in their rules of procedure, taking into account security and public order interests of the Union. Representatives of third countries or international organisations shall not be present in deliberations on matters related to eligibility, including deliberations related to Articles 9 and 10 of this Regulation.

8. The EDA shall be invited to provide its views and expertise to the defence industry committee as an observer. The EEAS shall also be invited to assist in the work of the defence industry committee.

Article 84

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in this Regulation shall be conferred on the Commission for the period from the date of enter into force of this Regulation until 31 December 2035.

3. The delegation of power referred to in this Regulation may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

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6. A delegated act adopted pursuant to this Regulation shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

Article 85

Amendments to Regulation (EU) 2021/696

1. Titles I, II and III, Articles 26, 27, 28, 30, 31, 32, 33, , 43, Titles VI, VII, VIII and X of Regulation (EU) 2021/696 shall be repealed with effect from 1 January 2028.

Article 86

Amendments to Regulation (EU) 2023/588

2. Chapters I, II, III, IV, Articles 24, 25, 26, 28, and 29, Titles VII, VIII, IX and X of Regulation (EU) 2023/588 shall be repealed with effect from 1 January 2028.

Article 87

Amendments to Regulation [EDIP]

3. Chapters I, II, with the exception of the provisions related to the Ukraine Support Instrument [to be confirmed after adoption of EDIP], and V of Regulation (EU) [EDIP] shall be repealed [with effect from 1 January 2028].

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Article 88

Repeal

4. The following regulations are repealed with effect from 1 January 2028:

(a) Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014;

(b) Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240;

(c) Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092;

(d) Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013.

Article 89

Transitional provisions

1. This Regulation shall not affect the continuation or modification of actions initiated pursuant to the basic acts referred to in Article 85, which shall continue to apply to those actions until their closure.

2. This Regulation shall not affect the implementing acts adopted under the Space Programme Regulation (EU) No. 2021/696 and IRIS² Regulation (EU) 2023/588. These acts shall remain in force, if relevant, until modified on the basis of this Regulation, and with the exception of decisions taken pursuant to Article 36(4) of Regulation (EU) 2023/588.

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3. The financial envelope referred to in paragraph 1 of Article 4 may also cover the technical and administrative assistance expenses necessary to ensure the transition between the ECF and the measures adopted pursuant to the basic acts referred to in the first paragraph.

Article 90

Entry into force

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

2. It shall apply from 1 January 2028.

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

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

PUBLIC