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2025/0555 (COD)**

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<b>BIOTECH 4</b>	<b>IA 16</b>
<b>POLMIL 33</b>	<b>CSC 65</b>
<b>POLGEN 19</b>	

**NOTE**

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From:	Presidency
To:	Delegations
No. prev. doc.:	13413/25; 14282/25; 15348/1/25 REV 1
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] <i>- Revised Presidency text on Chapters I, II, III and VIII</i>

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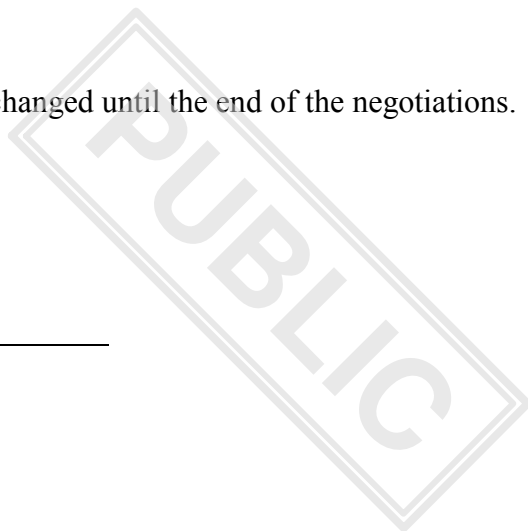
Delegations will find below a revised Presidency text on Chapters I, II, III and VIII with a view to the meetings of the Ad hoc Working Party on the Multiannual Financial Framework (European Competitiveness Fund) on 30 January and 6 February 2026.

Changes in comparison to the previous Presidency text (document 15348/1/25 REV 1) are marked in **bold** for additions and in ~~striethrough~~ for deletions.

The numbering of the Commission proposal remains unchanged until the end of the negotiations.

General scrutiny reservation: All delegations.

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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]**

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,<sup>1</sup>

Having regard to the opinion of the Committee of the Regions,<sup>2</sup>

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

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<sup>1</sup> OJ C , , p. .

<sup>2</sup> 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.]
- (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<sup>3</sup> presented a new vision to reignite sustainable growth in Europe. The Letta report<sup>4</sup> outlined that Europe must leverage its Single Market to achieve a leadership position in the global competition. The Commission communication on the Competitiveness Compass<sup>5</sup> provided a joint roadmap for boosting decarbonisation and competitiveness, building on the recommendations of these reports. The Commission communication on the Clean Industrial Deal<sup>6</sup> 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<sup>7</sup> 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

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<sup>3</sup> The future of European competitiveness: Report by Mario Draghi, September 2024, [https://commission.europa.eu/topics/eu-competitiveness/draghi-report\\_en](https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en)

<sup>4</sup> 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>.

<sup>5</sup> Competitiveness compass - European Commission

<sup>6</sup> 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.

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

Defence Readiness<sup>8</sup> 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. 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,<sup>9</sup> 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.

- (2a) The ECF as a whole will pursue the general objectives as indicated in this Regulation while taking into account the specificities of the activities supported under the Fund.
- (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 including by raising productivity. 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 and its circular economy, 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

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

<sup>9</sup> 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.

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.

- (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, scaleup, 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.

- (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]<sup>10</sup> of the European Parliament and of the Council [Horizon Europe Framework programme for Research and Innovation]<sup>11</sup> in accordance with the committee procedure set out in this Regulation. Horizon Europe rules (including, where relevant and unless otherwise specified, any cross-referred ECF provisions) should apply to the collaborative research and innovation activities funded under Horizon Europe Pillar II ‘Competitiveness’ part that should be integrated in a specific dedicated part in the ECF Work Programmes.
- (Placeholder - This also should apply to rules on evaluation committees.) (Placeholder - In order to be able to apply as entities from associated countries to the collaborative part funded under Horizon Europe, the entities need to be established in countries that are associated to Horizon Europe.)* In accordance with Horizon Europe and ECF rules (Article 4(3) of the Horizon Europe Specific Programme proposal) the ECF Work Programmes, including collaborative research parts under the policy windows of Chapters IV to VII of the ECF, should be adopted under the work programme rules of the ECF, including its comitology procedures to maintain a seamless support to the investment journey. The specific programme for defence research and development has its own set of rules consolidated in the ECF, with the ECF rules applicable to the Support for Defence Industry

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<sup>10</sup> OJ L..., p

<sup>11</sup> COM(2025) 543

Policy component, including the Collaborative Defence Research & Development, Innovation and Technological Superiority.

- (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.
- (12a)** To ensure an efficient use of Union resources in achieving the objectives of the ECF, the ECF shall be implemented in synergy with other Union Funds including the Global Europe Fund, the Single Market and Customs Program, Erasmus+ and AgoraEU.
- (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.]
- (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, startups and scaleups, 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.

- (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. The ECF should contribute to the Union of Skills<sup>12</sup> 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,

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<sup>12</sup> 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.

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. 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.

[...]

- (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.]
- (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,<sup>13</sup> Council Regulation (EC, Euratom) No 2988/95,<sup>14</sup> Council Regulation (Euratom, EC) No 2185/96<sup>15</sup> and Council Regulation (EU) 2017/1939,<sup>16</sup> the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) 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.<sup>17</sup> 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.

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<sup>13</sup> 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>).

<sup>14</sup> 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>).

<sup>15</sup> 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>).

<sup>16</sup> 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>).

<sup>17</sup> 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>).

- (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.
- (46) ECF activities should be open for ~~cooperation with~~ **participation of** third countries where this is in the interest of the Union. To that extent, the Union may ~~associate, fully or partially,~~ **allow for the full or partial participation of** third countries to the activities under the ECF. ~~Association~~ **The third countries should also include the category of European micro-states (the Principality of Andorra, the Principality of Monaco, the Republic of San Marino and the Vatican City State) where relevant international agreements are in force with that state and in accordance with the conditions laid down therein. Participation should be subject to a fair balance between the as regards contributions and benefits of the third countries and ensure the protection of the financial and, where relevant, security interest of the Union. When deciding on the participation of third countries, the respective prerogatives of the European Parliament, the Council and the Commission under Article 218 TFEU are to be observed.**
- (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. **The application of**

**a single set of rules and the signing of a single legal agreement for the entire amount of funding awarded to a project or action by separate programmes should be possible. In any case, the work programmes should specify which rules apply.**

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 the 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.

- (48)** Union support should focus on the achievement of policy objectives and European added value. 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. Where work programmes lay down award criteria these should where applicable take into account the quality and impact of proposals in light of the ECF objectives as well as the ability of proposals to support the specific activities of the policy windows. 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.
- (50a)** SMEs are an integral part of the European economy and an important source of employment and growth potential, but they are also faced with challenges and barriers that can warrant specific attention. To make sure that the needs of SMEs are properly taken into account, work programmes under the ECF shall describe in a specific dedicated part how they aim to support SMEs.
- (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 especially private capital and institutional investors as well as crowding in public funding in a proportionate manner 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, **supported by the higher provisioning rate for the ECF InvestEU Instrument**. [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 scaleup 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.
- (52a) Complementarities and synergies will be ensured between the EIC Fund and the ECF at all stages of implementation. The ECF InvestEU Instrument will be implemented in particular through risk-sharing budgetary guarantees and financial instruments by implementing partners responsible directly or via financial intermediaries for the selection of investments. The ECF InvestEU Instrument can support any economically viable final recipient and investment, at any stage of their development, from startup (seed financing and early growth) to scaleup, and all technologies including breakthrough. Union support transferred to final recipients can take a wide range of forms of e.g. loans, guarantees, quasi equity and equity investments. The EIC Fund should provide direct equity investment support to companies. Investment decisions by the EIC Fund should contain an assessment to ensure that the EIC Fund will invest in final recipients (typically deep-tech startups) that cannot meet all their financing needs from market sources or from the ECF, due to the risk level involved in novel technologies and/or new markets. The EIC Business Acceleration Services may provide non-financial support to EIC beneficiaries and final recipients, and target their specific needs of deep tech and disruptive innovation, while the ECF Project Advisory may provide broader advisory services in support of a broader range of beneficiaries. Synergies will be created so that final recipients of the EIC Accelerator and the EIC Fund may be financed in their scaleup phase by the ECF InvestEU Instrument

provided they fulfil the conditions. These complementarities will be ensured for example by the cooperation of the Advisory Board on the ECF InvestEU Instrument and of the EIC Board.

- (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.]
- (54) **The industrial policy coordination tools (i.e. Single Market value chains builders, EU Tech front runners, Production Ramp up actions and Top Ups for IPCEIS, and Accelerated and Targeted Actions for Competitiveness) should be implemented through work programmes.** Strengthening the industrial base of the European Union is essential for enhancing the Union's resilience and economic security, ensuring continuity of supply during crises, and safeguarding long-term competitiveness especially in strategic sectors. 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 especially crowding in private capital and institutional investors as well as crowding in public funding in a proportionate manner to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply. Value chain calls may contribute to strengthening the operation of the Single Market including through developing cross-border value chains including SMEs while avoiding distortions.
- (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. **Those consortia may include research and innovation partners.**

- (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 be implemented in a way that ensures that the most appropriate funding tool will be used for the specific actions in each work programme, depending on, inter alia, the development stage, the specific industry needs and underlying market failures.
- (56a) To ensure that Member States can provide strategic input at an early stage in the development of work programmes, the ECF General Committee shall provide guidance and advice to the Commission on the overall strategic direction for the ECF taking into account long term competitiveness trends and areas of market failures. The General Committee shall also provide advice on potential actions to support SMEs and startups to allow the needs of SMEs and startups from all across the Union to be taken into account in the design of actions targeting SMEs. The ECF General Committee will also serve as a forum for facilitating cooperation and information sharing among Member States on issues related to the ECF. The Commission shall take the advice provided by the ECF General Committee into account in the preparation and implementation of the ECF work programmes.
- (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~~**Stakeholders** Board whose task should be to provide insights and advise the Commission on policy trends, on investment needs, and on the implementation of the ECF from the perspective of stakeholders including project promoters, with the aim to ensure that feedback from stakeholder communities is reflected in the design of work programmes.

- (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<sup>18</sup>. 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.
- (61) To explore all possible venues to improve European competitiveness, the ECF should provide a structured framework for targeted experimentation in the award and

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<sup>18</sup> 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).

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, such as strategic 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.
- (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 startups 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 startups 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.
- (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. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current Invest EU Fund, the EIB Group should remain a privileged implementing partner under the ECF InvestEU Instrument EU compartment. In addition to the EIB Group, national

promotional banks and institutions should be able to offer a complementary financial product range, given that their experience and capabilities at national and regional level could be beneficial for the maximisation of the impact of public funds on the whole territory of the Union, and for ensuring a fair geographical balance of projects based on an open architecture which 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.
- (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.
- (72a) The pillar assessment in the context of this Regulation is to be carried out in line with the rules on indirect management set out in Regulation 2024/2509.**
- (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.]

- (74a)** The ECF InvestEU Instrument should provide for the possibility to establish a Member State Compartment. The detailed terms and conditions governing the contribution of funds to the Member State Compartment, including the sources, amounts, provisioning rates and modalities of delivery, should be set out in a contribution agreement concluded between the Commission and the relevant Member State for that compartment. For the purposes of the Member State Compartment, representatives from contributing Member States should be invited to participate in the monitoring of the implementation of the activities under the relevant compartment, for example by participating in dedicated parts of the Policy Review Dialogues.
- (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 startups and scaleups 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 startup to scaleup 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 startups and scaleups 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~~An ECF 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 startups and scaleups, 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.
- (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, **to be implemented through the work programmes adopted pursuant to this Regulation**. First, complementary 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.
- (83) [The ECF is to be implemented in accordance with Regulation (EU) [XXX]<sup>19</sup> 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

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<sup>19</sup> OJ L..., p

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 the adoption of ECF InvestEU Instrument investment guidelines, 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.<sup>20</sup> 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.
- (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.<sup>21</sup>

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<sup>20</sup> OJ L 123, 12.5.2016, p. 1, ELI: [http://data.europa.eu/eli/agree\\_interinst/2016/512/oj](http://data.europa.eu/eli/agree_interinst/2016/512/oj).

<sup>21</sup> 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.

- (87) Work programmes and other acts implementing this Regulation should be adopted in accordance with Regulation (EU) No 182/2011. The examination 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. For some implementing acts of a technical nature under the area of space the advisory procedure should be used.
- (88) The Commission should adopt immediately applicable implementing acts in duly justified cases where a work programme has not been adopted 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.
- (89) The ECF replaces the programmes established by Regulations (EU) 2021/522,<sup>22</sup> (EU) 2021/694,<sup>23</sup> (EU) 2021/696,<sup>24</sup> (EU) 2021/697,<sup>25</sup> (EU) 2021/783,<sup>26</sup> (EU) 2023/588,<sup>27</sup> , repeals provisions of Regulations (EU) 2021/696, (EU) 2023/588 and (EU) [EDIP].

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<sup>22</sup> 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>).

<sup>23</sup> 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>).

<sup>24</sup> 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>).

<sup>25</sup> 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>).

<sup>26</sup> 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>).

<sup>27</sup> 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);
  - (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;
  - (4a) 'Defence products' means any defence-related products as referred to in the Annex to Directive 2009/43/EC, as well as works, supplies and services directly related to those products for any and all elements of their life cycle within the meaning of Article 2, point (c), of Directive 2009/81/EC;
  - (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;

- (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);
- (6a) ‘EU classified information’ or ‘EUCI’ means any information or material designated by an EU security classification, the unauthorised disclosure of which could cause varying degrees of prejudice to the interests of the Union or of one or more of the Member States;
- (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;

- (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]<sup>28</sup> 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;

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<sup>28</sup> OJ L..., p

- (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;
- (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 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, circular use of resources, support to ramp up of the Union's production of strategic technologies and creating, strengthening and safeguarding critical Union value chains and infrastructure, including from hybrid and cyber threats;

- (c) addressing market failures and suboptimal investment situations, especially by crowding in private capital and institutional investors as well as crowding in public funding in a proportionate manner, ensuring additionality, by avoiding duplication and without crowding out other private or public investors; serving as an integrated platform for delivering targeted financial support to companies across all development phases, including those actively pursuing manufacturing, industrial and market deployment;
- (d) furthering the integration of Union capital markets in line with the objective of delivering the Savings and Investments Union, including 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 while fostering an innovative European economy;
- (f) developing and strengthening Union cross-border and critical infrastructure essential for the Union's competitiveness, strategic independence and resilience in particular for energy, transport, digital, security, defence, space, water 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 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;

- (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;
- (k) ensuring a just transition to a sustainable, decarbonised and digital economy that is fair and supportive of workers and communities, **contributing to the protection of biodiversity and human health**;
- (ka) supporting actions for the development, implementation, and monitoring of relevant Union legislation and policy.

#### *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.]

## **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. Those resources shall be additional to the amount referred to in Article 4 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.]
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.

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 regarding ECF and other Union funding programmes**

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 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 shall be implemented in synergy with other Union funds, including the Global Europe Fund to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies, as well as including the Connecting Europe Facility, the Single Market and Customs Programme, Erasmus+ and AgoraEU.

*Article 8*  
**Competitiveness Seal**

1. Where the work programme provides for the possibility to award a Competitiveness Seal, it shall be awarded to high-quality proposals or actions which shall comply 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.
3. Member States may support projects which have been awarded a Competitiveness 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. **Notwithstanding paragraph 1**, strategic projects identified in Union legislation that fulfil the conditions in paragraph 1, 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:
  - (a) entities established in a Member State or in Overseas Countries and Territories;
  - (b) entities established in an associated 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.
- 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.
6. Representatives of third countries or international organisations shall not be present in deliberations on eligibility criteria.

#### *Article 9a*

#### **Award criteria**

1. Where relevant and appropriate depending on the nature of the award procedure, **and in accordance with Regulation (EU, Euratom) 2024/2509**, award criteria set out in the work programmes referred to in Article 15 shall take into account the following principles:
- (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. Representatives of third countries or international organisations shall not be present in deliberations on award criteria.
  3. 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.
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;
  - (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.]

### *Article 11*

#### **~~Association of Third countries to activities underparticipating in the ECF~~**

1. The ECF may be opened to the **full or partial** 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, **in accordance with the conditions laid down in the Agreement on the European Economic Area**, as well as **European micro-states (Andorra, Monaco and, San Marino and the Vatican City)**, **in accordance with the conditions laid down in the relevant agreements;**
  - (b) acceding countries, candidate countries and potential candidates, **in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;**
  - (c) European Neighbourhood Policy countries, **in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;**
  - (d) other third countries, **in accordance with the conditions laid down in a specific international agreement covering the participation of the third country to any Union programme.**

2. ~~Provided any possible specific conditions laid down within each policy window or component are met by the interested third country, the Association~~ **The** agreements for programme participation in the ECF **referred to in paragraph 1** shall:
- (a) ensure a fair balance ~~between~~ **as regards** 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) **where relevant**, ensure the protection of strategic, security, defence and public order interests of the Union and its Member States.
3. For the purposes of **paragraph 2**, 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 **persons other than States in the meaning** 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 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, on the basis of which of the applicable rules are most appropriate to the nature and specific characteristics of the activity in question and, if applicable, which component is predominant, specify that the award procedure is implemented under the rules of one of the concerned specific objectives set out in Chapters IV to VII of this Regulation in addition to Regulation (EU, Euratom) 2024/2509 and the general rules set out in Chapter I and II of this Regulation.
5. As referred to in Article 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.
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.
- 11a. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure ~~Consortias~~**Consortia**.

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*

#### **Protection of classified information**

1. The Commission shall protect classified information in accordance with the security rules set out in Commission Decision (EU, Euratom) 2015/444.<sup>29</sup>
2. Each Member State 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.<sup>30</sup>
- 2a. Classified information may be exchanged only with the third States or international organisations that have an agreement with the Union on the exchange and protection of classified information that is in force and applicable.
- 2b. Subject to paragraph 2a, a natural person resident in or legal person established in a third State may be given access to EUCI where deemed necessary on a case-by-case basis, according to the nature and content of such information and the recipient's need-to-know and the degree of advantage to the Union.
- 2c. Where contracts or grant agreements involve, require or contain EU classified information, the relevant contracting or granting authorities shall specify in the call for proposals or tenders, the measures and requirements necessary to ensure the security of such information at the requisite level.
- 2d. To protect EUCI, the contracting or granting authorities shall ensure that the obligations of the contractors or beneficiaries regarding the protection of EUCI used or created in the performance of contracts or grant agreements are an integral part of those contracts or grant agreements. Contract- and grant-specific security requirements shall take the form of

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<sup>29</sup> 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.

<sup>30</sup> 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.

a security aspects letter ('SAL'). Where relevant, the programme- or project-specific security requirements shall take the form of a programme (or project) security instruction ('PSI').

- 2e. To ensure that EUCI is classified in a consistent way, the Commission shall develop Security Classification Guides with the assistance of security experts appointed by the Member States or by associated countries on whose territory the beneficiaries or the contractors are established.
3. Exchange systems that are security accredited by a competent security accreditation authority for the protection of EUCI at the required security classification level shall be used to facilitate the exchange of classified information with the Member States and, where appropriate, other recipients, including the relevant contractors and beneficiaries.
4. Union institutions, bodies and agencies involved in the implementation of the Union budget shall have access to non classified information necessary for the purpose of carrying out the award procedures, implementing contracts or grant agreements, including reporting and payments, as well as checks, reviews, audits, and investigations.
- 4a. Only Union institutions, bodies and agencies that have established security rules and procedures for handling and storing EU classified information that ensure the level of protection equivalent to the one afforded by the Commission or the Council, as applicable, may have access to EUCI. Access to classified information shall be granted only on a need-to-know basis to an individual who is authorised to access EUCI at the relevant level, where applicable.

### *Article 13a*

#### **Protection of award procedures**

1. In all stages of the award procedures involving classified information, administrative information that is non classified and is necessary to evaluate, award and audit Union support, limited to legal, financial and procedural information, shall be handled as follows:
  - (a) information is covered by the obligation of professional secrecy;
  - (b) it shall only be accessible to recipients with a need-to-know;

- (c) electronic transmission shall be encrypted in accordance with the requirements of the sending entity;
- (d) the entities shall identify the users of a Communication and Information System (CIS) before granting them access to a CIS handling this information; users shall be authenticated at a level of assurance that is appropriate to the level of assessed risk;
- (e) information shall be kept under the control of a liable holder.

### SECTION 3 GOVERNANCE

#### *Article 13b*

#### **Advisory role of the ECF General Committee**

1. 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~~ **on**:
  - (a) ~~providing advice on~~ the overall strategic direction **and priorities** 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~~ **including on their national industrial policies objectives and priorities.**
2. **The Committee may also exchange information on issues related to this Regulation.**
3. At its first meeting in its advisory role, based on a proposal by the Commission, the ECF General Committee shall adopt its rules of procedure to be followed when the Committee acts in its advisory role.
4. The ECF General Committee shall hold ordinary meetings in its advisory role at least once a year. The Commission shall convene the meetings and prepare the agenda, after

consulting the members of the ECF General Committee, in accordance with the advisory tasks of the ECF General Committee pursuant to this Regulation and with its rules of procedure.

#### *Article 14*

### **ECF-Strategie Stakeholders Board**

1. An ECF-Strategie Stakeholders Board is established.
2. The members of the ECF-Strategie Stakeholders Board shall be appointed by the Commission, following a transparent process and 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 sectoral balance with particular attention to strategic sectors, organisation type, including private investors, and size, including SME representatives, expertise, gender, age and geographical distribution. The term of members of the Board shall be limited to four years, renewable once. Members of the Board 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 Strategie Stakeholders Board. Members of the Board shall be bound by these terms.
4. The ECF-Strategie Stakeholders Board, informed by an observatory on emerging technologies, shall advise on the overall direction for the ECF by **providing advice on:**
  - (a) ~~providing advice 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;
  - (b) ~~providing advice 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.
- 4a. The advice provided by the Strategie ECF Stakeholders Board shall be shared with the ECF General Committee referred to in Article 13a13b.

### *Article 14a*

#### **Thematic platforms**

1. 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 14b*

#### **ECF InvestEU Instrument governance**

5. A fully 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 and technologies covered by the ECF and a wide knowledge of the geographic markets in the Union and the global value chains, and shall ensure that the Investment Committee as a whole is gender-balanced. The Investment Committee shall perform their duties impartially and in the sole interest of the Competitiveness Fund. The members of the Investment Committee shall not seek or take instructions from the implementing partners, the institutions of the Union, the Member States, or any other public or private body.
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. The Investment Committee shall give particular attention to the requirements set out in point (a), (b) and (d) in Article 212(2) of the Financial Regulation.
  - 7a. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the Investment Committee.
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. The representative of the EIB Group shall be the vice-chair.

9. The Commission shall establish the detailed rules on rules of procedure for the Advisory Board on ECF InvestEU Instrument.
10. The Commission shall establish regular Policy Review Dialogues with each implementing partner to discuss progress with the implementation of the financial products and engage on relevant policy developments.

## **Chapter II**

### **ECF TOOLBOX**

#### **SECTION 1**

#### **GRANTS, PROCUREMENT AND INDUSTRIAL POLICY COORDINATION TOOLS**

##### *Article 15*

##### **Work Programmes**

1. The work programmes 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.
- 1a. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2) 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).
  2. The work programmes under paragraph 1a shall integrate in a specific dedicated part the collaborative research and innovation activities referred to Article 15 (3) of [Horizon Europe], 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. *deleted*
  4. *moved to para. 1a*
  5. *deleted*
  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).

### *Article 16*

#### **Single Market value chains builder**

1. In order to foster resilient Union value chains, the work programmes may for strategic sectors include dedicated value-chains scale up **competitive** calls that can contribute to the Union's resilience and economic security by strengthening and safeguarding critical Union value chains and diversifying sources of supply.

- 1a.** Single Market Value Chains builder calls 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 partners and 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, competitive and transparent 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 in accordance with Article 9a.
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.

### *Article 18*

#### **Production Ramp up actions**

1. Pursuant to Article 196(2)(a) of the Financial Regulation, financial contributions may in duly justified exceptional cases, where necessary for the implementation of manufacturing projects essential to support the Union's resilience as referred to in Article 3(1)(b), or activities required to ensure the security, resilience or service continuity to support the

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~~**specific** 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.]

### *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~~**interest** of the Union and the beneficiaries or categories of beneficiaries which may be invited to submit a proposal without a call; or,
  - (2) set out an amount up to which proposals may be identified and invited that have been awarded a seal referred to in Article 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; **In such a case**, 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; **No prefinancing shall be paid** 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.
  - (2)** proposals and offers shall be evaluated and ranked based on common award criteria in accordance with Article 9a. 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), the Critical Raw Materials Act (**Regulation 2024/1252**), 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.

## 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 as defined in Article 2, numbers (9) and (30), of Regulation (EU, Euratom) 2024/2509 , 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 **support through implementing partners to** 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. **Support through the ECF InvestEU Instrument shall be a favoured means of implementation under the ECF.** [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 **further** increased by **a portion of** the contributions from **the indicative amounts for the four policy windows in Article 4 through** the work programmes set out in Article 15 **and other Union programmes**. 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 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.

*Article 22*  
**Scaleup Facility**

1. *deleted*
2. The Commission shall develop a Scaleup Facility in cooperation with the EIB Group, other international financial institutions and National Promotional Banks.
- 2a. It shall ensure that high-potential European scaleups 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 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 scaleups.

*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. Where appropriate, these compartments may be used in a complementary manner, including through a combination of resources in a layered structure to achieve better risk coverage.
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 international financial institutions, the national promotional banks and institutions, while acknowledging the special role of the 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 exceptional cases and** 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 **such budgetary guarantee or financial instrument is** combined with non-repayable support in a blending operation, ~~to the extent~~**provided** 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.:

- (a) receive a prior positive pillar assessment;**
- (b) are provided with adequate financial guarantees which may be, for each action, limited to the maximum amount of the Union support;**
- (c) are 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, and**
- (d) are selected on a transparent, justified objective grounds and their selection shall not give rise to a conflict of interests.**

## **Chapter III**

### **Horizontal activities**

#### *Article 26*

#### **ECF Project Advisory**

- 1.** The ECF 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 Chapters IV, V, VI and VII.
- 2.** A centralised access to specialised advisory and business acceleration services shall be provided, which may include:

- (a)** investment advisory services, including market development activities in strategic sectors and advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects;
  - (aa)** 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)** specialised advisory and business acceleration services targeting project promoters as well as companies in strategic sectors, including SMEs and small mid-cap companies, startups and scaleups, especially those developing or deploying innovative solutions, supporting and facilitating their access to ECF funding and financing, and facilitating matchmaking with private investors and promoting understanding of the opportunities offered by capital market based financing;
  - (ba)** support for the generation of project pipelines and the development of potential investment projects under the ECF InvestEU Instrument and contribute to their further development.
- 3.** Project advisory shall cooperate with industrial alliances and European clusters or other relevant European groupings. It shall be available under each policy window, covering all relevant sectors, and may also provide support 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 ECF 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.

### *Article 27*

#### **EU for Business Network**

1. The “EU for Business” Network shall be established.
- 1a. The objective of the Network is 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.
- 1b. 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, taking into account existing structures and work, 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, as well as obtaining feedback on their effectiveness;

- (e) increasing the access and the availability of finance in particular for SMEs as a priority, while also including micro-finance and support to social enterprises, as well as 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**

Each window shall support dedicated, sector-specific actions targeting SMEs and 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**

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.

### *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 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);
- (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;
- (ha) Security Committee for security matters concerning specific objectives set out in Article 3(2), point (d).

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 ha) of paragraph 1 may convene in different configurations or sub-committees aligned with the specific components of the policy windows.
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.
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, IV, V and VIII of Regulation (EU) [EDIP] shall be repealed with effect from 1 January 2028.

#### *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 IRIS<sup>2</sup> 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.
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*

*The President*

*For the Council*

*The President*