

Final Report

***Framework Service Contract for the Procurement
of Studies and other Supporting Services on
Commission Impact Assessments and Evaluations***

***Interim, final and ex-post evaluations of policies,
programmes and other activities***

Final Evaluation of the Competitiveness and Innovation Framework Programme

December 2011



Centre for
**Strategy & Evaluation
Services**

P O Box 159

Sevenoaks

Kent TN14 5WT

United Kingdom

www.cses.co.uk

Contents

| <u>SECTION</u> | <u>PAGE</u> |
|--|---|
| <i>Executive Summary (separate document)</i> | |
| 1. | Introduction 1 |
| 1.1 | Resume of Assignment Aims 1 |
| 1.2 | Structure of the Report 5 |
| 2. | Background & Methodology 6 |
| 2.1 | The Nature of the CIP 6 |
| 2.2 | The Management and Budget of the CIP 11 |
| 2.3 | The Methodological Approach of the Study 12 |
| 3. | Analysis & Results 17 |
| 3.1 | Overall Approach 17 |
| 3.2 | The Coherence of the Intervention Logic 17 |
| 3.3 | The Governance of the CIP 18 |
| 3.4 | The Main Themes of the Programme 23 |
| 3.5 | The Impact of the CIP 29 |
| 3.6 | The Conclusions and Recommendations of other Evaluations 38 |
| 3.7 | Co-ordination with related policy areas 44 |
| 3.8 | The Instruments of the CIP 47 |
| 3.9 | The CIP Budget 57 |
| 3.10 | The Promotion of Best Practice 60 |
| 3.11 | Monitoring and Evaluation 62 |
| 4. | Conclusions & recommendations 65 |
| 4.1 | Introduction to Conclusions 65 |

Contents

| | | |
|-----|---|----|
| 4.2 | The Relevance and Coherence of the CIP | 65 |
| 4.3 | The Effectiveness of the CIP | 66 |
| 4.4 | The Efficiency of the CIP | 68 |
| 4.5 | Information and Awareness | 72 |
| 4.6 | The Utility, Sustainability and European Value-added of the CIP | 72 |
| 4.7 | Recommendations | 74 |

| | | |
|------------------------|--|--|
| Annexes – Case Studies | | |
|------------------------|--|--|

| | | |
|-----|--|----|
| A.1 | The contribution of small scale measures to CIP policy development | 79 |
|-----|--|----|

| | | |
|-----|---|----|
| A.2 | The Effectiveness of Support for Eco-innovation under the CIP | 87 |
|-----|---|----|

| | | |
|-----|---|----|
| A.3 | The Effectiveness of Support for Industrial Excellence in Energy – the CHANGE project | 92 |
|-----|---|----|

| | | |
|---|-----------------------|----|
| B | List of Abbreviations | 97 |
|---|-----------------------|----|

Introduction

1

This document is the Final Report submitted by the Centre for Strategy & Evaluation Services (CSES) LLP in respect of the assignment: 'Final Evaluation of the Competitiveness and Innovation Framework Programme' contracted under Lot VI of the Framework Contract for the Procurement of Studies and other Supporting Services on Commission Impact Assessments and Evaluations (2008/S146-195858).

1.1 Resume of Assignment Aims

The Competitiveness and Innovation Framework Programme (CIP) has the following objectives:

- (a) to foster the competitiveness of enterprises, in particular of SMEs;
- (b) to promote all forms of innovation including eco-innovation;
- (c) to accelerate the development of a sustainable, competitive, innovative and inclusive information society;
- (d) to promote energy efficiency and new and renewable energy sources in all sectors, including transport.”

It consists of three ‘pillars’ :

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

Running from 2007 to 2013, the CIP has a budget of approximately € 3.6 billion.

Evaluations have already been conducted of each of the three component programmes. This current assignment, therefore, concerns an overall assessment of the Framework Programme – the CIP. In undertaking this assessment, due note has been taken of specific provisions in the Decision¹ establishing the CIP relating to the evaluation of the Programme, as well as the usual procedures established by the Commission and DG ENTR for conducting evaluations of programmes.

Article 8.2 of the Decision states that:

“The Framework Programme and its specific programmes shall be subject to interim and final evaluations. Such evaluations shall examine issues such as relevance, coherence and synergies, effectiveness, efficiency, sustainability, utility and, where possible and appropriate, distribution of funding with regard to sectors. The final evaluation shall, in addition, examine the extent to

¹ Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013)

Introduction

1

which the Framework Programme as a whole, and each of its specific programmes, has achieved its objectives.

Both interim and final evaluations shall adopt appropriate methodologies to measure the impact of the Framework Programme, and each of the specific programmes, against its objectives, including competitiveness, innovation, entrepreneurship, productivity growth, employment and environment.

Such evaluations shall examine the quality of the services referred to in Article 21(2) provided by the network partners². The interim evaluations may also include ex post evaluation elements with regard to previous programmes.”

The Decision also stipulates that the evaluations of the specific programmes shall be arranged in such a way that their results can be taken into account in the Interim and Final Evaluations of the Framework Programme and that the results of the Final Evaluation of the Framework Programme and of its specific component programmes should be communicated to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The intended procedure with this evaluation has been considerably influenced by this provision.

Moreover, it is necessary to take into account the legislative cycle relating to the CIP and its component programmes. CIP is now past its mid-term and preparations for post-2013 are already well under way. While the debate surrounding these preparations have had an influence on the issues examined by this exercise, proposals made relating to any follow-on are nonetheless firmly based on the lessons learned from the results of the CIP since 2007, as assessed by the final evaluations of the three specific programmes, and on related Impact Assessments.

Aims and orientation of the evaluation

The overall aims of this assignment have been to:

- analyse and compare the data collected in the specific programme evaluations, and draw substantiated conclusions;
- measure the impact of the Programme against its objectives;
- assess the extent to which the Programme has contributed to the objectives set out at the beginning of this section;
- evaluate the extent to which the objectives of the Programme are pertinent to the needs, problems and issues it was designed to address;
- evaluate the efficiency of the Programme and identify its most efficient and its most inefficient aspects.

² ie the Enterprise Europe Network.

Introduction

1

Specific evaluation tasks were set by the Terms of Reference :

In general, the evaluation should analyse, judge and present data that address the evaluation objectives, in order to answer the key evaluation questions determined by the purpose of the evaluation exercise.

More particularly, the evaluation aims, as a minimum to :

1. Validate and refine the proposed methodological approach to the evaluation work. The final approach was submitted to the approval of the Steering Group.
2. Identify in collaboration with the competent services the means to address the evaluation questions set for the assignment. The evaluators shall be free to elaborate further evaluation questions, if they deem it necessary.
3. Collect and analyse the relevant data necessary to answer the evaluation questions.
4. Endeavour to answer all evaluation questions as the basis for robust and useable conclusions and recommendations
5. Draw conclusions based on the findings.
6. Formulate recommendations in line with the purpose of the exercise and the evaluation questions.
7. Present findings and recommendations in a final evaluation report in line with requirements listed in the terms of reference.
8. Present findings and recommendations to Commission staff / stakeholders / Programme Committee.

Scope of the Evaluation

The Final Evaluation of the CIP has been based on the three final evaluations of the specific component programmes:

The EIP final evaluation : has focused on the performance of the Financial Instruments, the Enterprise Europe Network and the innovation activities, supported by the Programme.

The ICT-PSP final evaluation : has focused on the performance of the CIP ICT-PSP, analysing outputs and impacts as far as it was possible to assess them at the time of the evaluation.

The final Evaluation of the IEE II: has aimed to provide an evaluation of the rationale, implementation and achievements of all the dimensions and fields of action of the IEE II Programme, including an analysis of evidence such as previous evaluations, implementation reports, ad hoc analyses, statistical information and relevant policy documents and reviews.

Introduction

1

Recommendations are intended to identify adjustments to the implementation of the Programme and to feed into the discussions on its current and future implementation.

The CIP Framework Programme final evaluation has also to take into account the 4 interim evaluations (3 specific programme interim evaluations and the Framework Programme Interim Evaluation).

It is important to point out that this 'Final' evaluation is being conducted just over half way through the period over which the CIP is operating (2007 – 13) and is relying to a large extent on the evaluations of the component programmes carried out in 2010-11. Consequently it is not possible to comment extensively on the full results and longer-term outcomes of the Programme.

Evaluation questions

Given the ground covered by the interim and final evaluations already carried out and the more restricted basis for the current overall evaluation, the evaluation questions initially posed in the terms of reference have been further refined, so the key questions addressed were as follows :

Relevance

1. To what extent are the CIP's objectives pertinent to the needs, problems and issues it was designed to address?
2. Have the policy areas targeted been appropriate?

Effectiveness

3. To what extent has the Framework Programme achieved its objectives and what are the main impacts of the programme?
4. To what extent has the Programme contributed to "the competitiveness and innovative capacity of the Community as an advanced knowledge society, with sustainable development based on robust economic growth and a highly competitive social market economy with a high level of protection and improvement of the quality of the environment"?
5. To what extent has the CIP effectively fostered the competitiveness of enterprises, in particular of SMEs?
6. How do the various instruments used in the component programmes compare in terms of effectiveness?

Efficiency

7. How well have the management processes operated and how has the funding available been allocated?
8. How well are the results and impacts of the component programmes monitored?

Introduction

1

9. To what extent have the desired effects been achieved at a reasonable cost (including the burden on participants, beneficiaries and stakeholders)?

Information and awareness

10. How effectively has information about the availability of the programme instruments and the results and impacts of actions been transmitted to potential stakeholders and beneficiaries?

Coherence and synergies

11. To what extent has the coherence of the CIP been maximised? How could it be improved?
12. Has the CIP contributed to the development of synergies between the three specific programmes?

European added-value

13. To what extent do the component programmes achieve results not attainable by the Member States acting alone ?
14. How far does the Programme complement other EU and/or Member State actions and/or regional and local interventions?

1.2 Structure of the Report

The rest of the Final Report is structured as follows:

- **Chapter 2: Background and Methodology** – examines the context of the evaluation and the approach adopted to addressing the central evaluation issues;
- **Chapter 3: Analysis & Results** - analyses the way that the component programmes contribute to the overall objectives, the anticipated results and impacts of the Programme and the evidence on them so far, the findings of the evaluations of the component programmes, the instruments deployed and other cross-cutting themes .
- **Chapter 4: Conclusions & Recommendations** – Draws together the main conclusions and the Report's recommendations.
- **Case Studies** – 3 case studies on specific issues, are annexed to the Report.

Background & Methodology

2

2.1 The Nature of the CIP

In order to provide a sound basis for the evaluation, it was necessary initially to set out the rationale for the objectives of the Competitiveness and Innovation Framework Programme (CIP) and also the way that it is organised. This established the framework within which the more detailed methodological approach could be developed.

The overarching aim of the CIP is 'to contribute to the enhancement of competitiveness and innovation capacity in the Community, the advancement of the knowledge society, and sustainable development based on balanced economic growth'. More specific aims include the encouragement of the competitiveness of European enterprises, especially SMEs, but the broad scope of the Programme is one of its striking features. As the first few points in the preamble of the Council and Parliament Decision on the Programme³ make clear, the orientation of the Programme was highly influenced by the revised Lisbon Strategy of February 2005⁴, in which not only the growth and competitive objectives set initially by the Lisbon European Council of March 2000 were reaffirmed, but these were set alongside the objective articulated by the Gothenburg European Council of June 2001 that economic growth should go hand in hand with social inclusion and environmental protection in an integrated Strategy for Sustainable Development. The CIP, of course, is by no means the only programme at a European level addressing these issues and some of the other programmes, notably the Framework Programme for Research and Technological Development and the Structural Funds have substantially larger budgets, but nonetheless the orientation provided by the revised Lisbon Strategy, and more recently the Europe 2020 strategy, do provide important reference points both for the overall assessment of the performance of the Programme and for a correct understanding of the relationship between its various components.

In particular, in addressing the broad range of objectives in the revised Lisbon strategy, it was necessary to pursue actions on several different fronts, while at the same time paying attention to the overall priorities and especially the strong theme of the promotion of innovation. The evaluation has therefore had to examine both the extent to which the Programme's component parts have effectively pursued their particular aims and objectives and also how they have each contributed to the overall objectives of:

- the enhancement of the EU's competitiveness and innovation capacity, by :
 - fostering the competitiveness of enterprises, in particular of SMEs
 - promoting all forms of innovation including eco-innovation
- the advancement of the knowledge society,

³ Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013)

⁴ Communication to the Spring European Council ' Working together for growth and jobs. A new start for the Lisbon Strategy' COM(2005) 24 final.

Background & Methodology

2

- in particular, by accelerating the development of a sustainable, competitive, innovative and inclusive information society;
- sustainable development based on balanced economic growth
 - through energy efficiency and new and renewable energy sources in all sectors, including transport.

Within this overall framework, the three separate programmes each have their own aims and objectives, which are specified in the CIP Decision along with the instruments by which they are to be achieved. The Decision also refers to some of the anticipated outputs and results. Given the differing nature of the programmes, all these elements are quite diverse. The objectives and anticipated results, can, however, be summarised, as below:

Table 2.1: The Objectives and Expected Outputs and Results of the CIP

| Objectives of the EIP | Outputs & expected results of EIP measures/actions |
|--|--|
| <ul style="list-style-type: none"> - Facilitate access to finance for the start-up and growth of SMEs and encourage investment in innovation activities | <ul style="list-style-type: none"> - Increased investment volumes of risk capital funds and investment vehicles - leverage provided to SME debt financing instruments - An improved financial environment for SMEs |
| <ul style="list-style-type: none"> - Create an environment favourable to SME cooperation, particularly in the field of cross-border cooperation. | <ul style="list-style-type: none"> - Services fostered in support of SMEs - Measures helping SMEs to cooperate with other enterprises across borders - International business cooperation promoted and facilitated |
| <ul style="list-style-type: none"> - Promote all forms of innovation in enterprises | <ul style="list-style-type: none"> - Sector-specific innovation fostered, clusters, innovation networks, public-private innovation partnerships and cooperation with relevant international organisations, and the use of innovation management promoted; - National and regional programmes for business innovation supported; - The take-up of innovative technologies supported; - Services for transnational knowledge and technology transfer and for intellectual and industrial property supported - Technology and knowledge through data archiving and transfer fostered |
| <ul style="list-style-type: none"> - Support eco-innovation | <ul style="list-style-type: none"> - Eco-innovation fostered, in the form of clusters, eco- |

Background & Methodology

2

| | <p>innovation networks, public-private eco-innovation partnerships and cooperation with relevant international organisations, and the use of innovation management;</p> <ul style="list-style-type: none"> - National and regional programmes for eco- innovation supported ; - The take-up of eco-innovative technologies supported ; - Services for transnational environmental knowledge and technology transfer and for intellectual and industrial property supported - Environmental technology and knowledge through data archiving and transfer fostered |
|---|--|
| <ul style="list-style-type: none"> - Promote entrepreneurship and innovation culture. | <ul style="list-style-type: none"> - Entrepreneurial mindsets, skills and culture encouraged and the balancing of entrepreneurial risk and reward; - A business environment favourable to innovation, enterprise development and growth encouraged - Policy development and cooperation between actors supported, including national and regional programme managers |
| <ul style="list-style-type: none"> - Promote enterprise and innovation-related economic and administrative reform. | <ul style="list-style-type: none"> - Data collected, performance analysed and monitored, and policy developed and coordinated - Contributions to the definition and promotion of competitiveness strategies related to industry and service sectors - Mutual learning for excellence in national and regional administrations supported. |
| Objectives of the ICT Policy Support Programme | Expected outputs of results of measures/actions of the ICT Policy Support Programme |
| <ul style="list-style-type: none"> - develop the Single European information space and strengthen the internal market for ICT products and services and ICT-based products and services; | <ul style="list-style-type: none"> - Seamless access to ICT-based services and appropriate framework conditions for the rapid, appropriate and effective convergence of digital communications and services, incorporating, inter alia, interoperability, the use of open standards, and security and trust aspects - Improvement in the conditions for the development of digital content, taking into account multilingualism and cultural diversity - Monitoring of the European Information Society, through data collection and analysis of the development, |

Background & Methodology

2

| | |
|--|---|
| | availability and use of digital communication services, including the growth of internet, access to and take-up of broadband as well as developments of content and services |
| <ul style="list-style-type: none"> - stimulate innovation through the wider adoption of and investment in ICT; | <ul style="list-style-type: none"> - Innovation in processes, services and products enabled by ICT, in particular in SMEs and public services, taking into account the necessary skills requirements; - Public and private interaction facilitated as well as partnerships for accelerating innovation and investments in ICT; - Promotion and awareness of the opportunities and benefits of ICT and its new applications for citizens and businesses, including enhancing confidence in and openness to new ICT, and stimulating debate at the European level on emerging ICT trends and developments. |
| <ul style="list-style-type: none"> - develop an inclusive information society and more efficient and effective services in areas of public interest, and improve the quality of life. | <ul style="list-style-type: none"> - Wider application of ICT, including digital content, accessibility and digital literacy; - Reinforced trust and confidence as well as support of ICT use, addressing, in particular, privacy concerns; - Improved quality, efficiency, availability and accessibility of electronic services in areas of public interest and for ICT enabled participation, including, where appropriate, interoperable pan-European or cross-border public services as well as the development of common interest building blocks and the sharing of good practice. |
| Objectives of the Intelligent Energy-Europe Programme | Expected outputs of results of the measures/actions of the Intelligent Energy-Europe Programme |
| <ul style="list-style-type: none"> - foster energy efficiency and the rational use of energy resources; | <ul style="list-style-type: none"> - Improvement in energy efficiency and the rational use of energy, in particular in the building and industry sectors, - Support for the preparation of legislative measures and their application. |
| <ul style="list-style-type: none"> - promote new and renewable energy sources and to support energy diversification; | <ul style="list-style-type: none"> - Promoting new and renewable energy sources for centralised and decentralised production of electricity, heat and cooling, and thus supporting the diversification of energy sources; - The integration of new and renewable energy sources into the local environment and the energy systems; - Support for the preparation of legislative measures and |

Background & Methodology

2

| | |
|---|--|
| | their application. |
| - promote energy efficiency and the use of new and renewable energy sources in transport. | <ul style="list-style-type: none"> - Transport, and the diversification of fuels; - The promotion of renewable fuels and energy efficiency in transport; - Support for the preparation of legislative measures and their application. |

An important clarification in terms of the actions that the Programme was expected to undertake is set out in paragraph 3 of Article 1 of the Decision, which stipulates that ‘the Framework Programme shall not cover research, technological development and demonstration activities carried out in accordance with Article 166 of the Treaty’ but rather it should ‘contribute to closing the gap between research and innovation and promote all forms of innovation’. This represents an important defining theme of the Programme.

In terms of the instruments for the implementation of the programmes an array of different kinds of approach are envisaged. These include:

- The Financial Instruments (the GIF and SMEG facilities) that are the EIP’s instruments for supporting financial intermediaries in their loans and investments directed to SMEs
- The Enterprise Europe Network
- Strategic studies
- Information, communication, education and training structures
- Exchanges of information and best practice
- The promotion of thematic networks and cluster development
- The use of market replication projects, with the aim of promoting the market uptake of innovative techniques, processes, products or practices that have already been demonstrated technically
- Procurement based on common technical specifications
- Monitoring systems.

The analysis of these different instruments and a comparison of their use in the respective programmes have defined an obvious perspective for the evaluation as a way of adding value to the analysis already conducted of the separate programmes, notably in the final evaluations of each programme recently conducted.

Background & Methodology

2

2.2 The Management and Budget of the CIP

The management of different parts of the CIP falls under the responsibility of different Commission services. In the case of the EIP, DG Enterprise and Industry, DG Economic and Financial Affairs (for the EIP Financial Instrument), DG Environment (for eco-innovation projects) and the Secretariat General (reduction of administrative burden). The ICT-PSP falls under the responsibility of the DG Information Society and Media, while the IEE programme is the responsibility of DG Energy (in close cooperation with DG MOVE and DG ECFIN). The Executive Agency for Competitiveness & Innovation has major responsibilities for implementation, contract management and other day to day inputs in relation to the Enterprise Europe Network, Eco-innovation market replication projects, projects under Intelligent Energy Europe and in relation to support for Intellectual Property protection. Other management aspects of the programmes have been delegated to the European Investment Fund (EIF), the European Investment Bank (EIB), the Council of Europe Development Bank (CEB), the KfW Bankengruppe and the European Bank for Reconstruction and Development (EBRD), notably in the implementation of the financial instruments under the EIP and the ELENA facility under IEE.

Co-ordination between the different services of the Commission involved in the Programme is supported by:

- Meetings at Director level of the different services involved
- Meetings at Head of Unit level
- Operational meetings between staff involved in particular aspects of the Programme

The financial envelope for the implementing the Framework Programme is € 3,621,300,000. The CIP Decision gave an indicative budgetary breakdown for the specific programmes:

(a) 60 % of the overall budget for the pursuance of the Entrepreneurship and Innovation Programme, of which approximately one fifth shall be allocated to promoting eco-innovation;

(b) 20 % of the overall budget for the pursuance of the ICT Policy Support Programme;

(c) 20 % of the overall budget for the pursuance of the Intelligent Energy — Europe Programme.

The Commission is assisted in the implementation of the CIP by Committees, with participation of representatives from all Member States and other participating countries, for each of the constituent programmes:

- the Committee for the Entrepreneurship and Innovation Programme (EIPC);
- the Committee for the ICT Policy Support Programme (ICTC);
- the Committee for the Intelligent Energy Europe Programme (IEEC).

Background & Methodology

2

There is also advice on the operation of the Programme from joint meetings of the Member State Committees of the three constituent programmes and from a body of 20 representatives of industry and business associations, including SME representative organisations, known as 'STRABO' (Strategic Advisory Board on Competitiveness and Innovation). STRABO meets about once per year and, as well as representing the views of business and the SME sector, its members provide expertise on the sectors and issues targeted by the Framework Programme, including financing, ICT, energy and eco-innovation.

The implementation of the constituent programmes is carried out through the Framework's common implementing measures and procedures, such as the adoption of annual work programmes by each specific programme in accordance with the procedure referred to in Article 46(2). The work programmes are required to include 'appropriate evaluation criteria and qualitative and quantitative indicators to analyse effectiveness in delivering outcomes that will contribute to the achievement of the objectives of the specific programmes and the Framework Programme as a whole'.

The Framework Programme is open to the participation of EFTA countries that are members of the European Economic Area (EEA), accession countries and candidate countries benefiting from a pre-accession strategy and countries of the Western Balkans. Participation is governed by the Memoranda of Understanding with these countries. Other third countries may participate, when Agreements and procedures allow this.

2.3 The Methodological Approach of the Study

This evaluation has particular characteristics, in that although it is examining a Framework Programme of some size, it is able to rely on recent and earlier evaluations of the component programmes as well as an Interim Evaluation of the Framework Programme as a whole. These evaluations of the specific components considered their target areas in some detail, generating a range of evidence, including useful data on operational performance. Furthermore, their evidence is supplemented by other evidence and analysis from a series of related evaluations and studies, including the evaluation of the Executive Agency for Competitiveness and Innovation (EACI) that is responsible for the operational management of many elements of the CIP and an evaluation of the indicators used in the management of the EIP. There is therefore a relative wealth of evidence and analysis on the performance of various aspects of the CIP. Furthermore, the collection of this evidence through surveys of various kinds and interview programmes had been able to take advantage of the goodwill of a substantial number of people associated with the Programme, from beneficiaries, business organisations, Member State authorities and other stakeholders to officials in a range of services in the Commission and the EACI.

Given this wealth of evidence and the desire to use it as effectively as possible, together with the wish to minimise the demands made on stakeholders, it was decided by the Commission services that, instead of mounting a full-scale evaluation with new empirical investigations, involving surveys and interviews, a proportionate course of action would rather be to conduct a smaller scale operation that largely relied on desk research and an analysis of the existing evidence. The terms of reference of the evaluation therefore set requirements in these terms, with the addition of a restricted set of interviews mainly with officials and the conduct of three case studies to examine particular aspects of the CIP. A corresponding budget was made available.

Background & Methodology

2

This situation has had a direct effect on the nature of the investigations that could be carried out and also on the type of conclusions that could be drawn in the evaluation. Essentially, in relying on a desk-based review of earlier work, little additional direct evidence on performance was to be expected. It had to be more a matter of identifying and exploring common themes and issues and drawing attention to matters raised in the evaluations of the component parts of the CIP.

This is not the full story, however. In supplementing the desk research with interviews with Commission officials and others who can shed light on issues highlighted in the documented evidence and also in being able to investigate specific areas in greater detail in the three case studies, it has been possible to pursue particular matters raised in the earlier work in discussions with those responsible and to bring additional information to the body of evidence accumulated in the course of earlier evaluations and studies. Overall, though the main tasks of the current exercise have undoubtedly been to pull together the different elements identifiable in the separate evaluations of the component programmes and to make a series of cross-comparisons as the basis for the assessment of the CIP as a whole.

The actual process of conducting the evaluation consisted of the following steps:

- Elaboration of an analytical framework for the evaluation
- A systematic desk research programme
- An interview programme, largely with Commission officials responsible for the main activities of the component programmes
- Examination and writing up of three case studies
- Summary analysis of the results of the research and investigations
- Submission of a First Findings and Recommendations Report
- Response to observations on First Findings

The developments involved in each of these steps are explained in the following sections.

Analytical framework for the evaluation

It was initially necessary to review some of the core elements of the Programme, set out in the CIP Decision and the initial Impact Assessment, essentially to establish a picture in some detail of what the Programme originally aimed to achieve and how it proposed to do this. This involved an examination of the explicit objectives for each component programme, but also the context in which these objectives had been set. It then required an overview of the performance expectations for the Programme, again as originally set out in the Decision and Impact Assessment, together with an assessment of the nature of the evidence that was available from the evaluations and other sources, such as monitoring systems. Finally, there had to be a quick overview of the range of activities undertaken under the Programme to ensure that the subsequent investigations would achieve a representative coverage. Much of this information was brought together in a summary statement of the Intervention Logic of the Programme, which was first set out in the project's Inception Report.

Background & Methodology

2

A systematic desk research programme

The desk research programme centred on a systematic review of the main evaluation documents (CIP Decision, Impact Assessment, Interim Evaluations, Final Evaluations), plus a range of programme management documents (annual Work Plans and Implementation Reports), monitoring data and contextual documents. After an initial reading through, the main documents were summarised, according to their contributions to the main themes to be analysed. Common issues and especially cross-cutting themes were noted and elaborated subsequently in sections dedicated to their analysis.

More specifically, the main documents included the following:

- The CIP Decision
- The Impact Assessment, accompanying the original proposal for the CIP.
- Final Evaluation of the Entrepreneurship and Innovation Programme
- Final Evaluation of the Intelligent Energy-Europe II Programme
- Studies supporting the Interim Evaluation (and Panel) of the ICT Policy Support Programme under the CIP
- Interim evaluations of the CIP and the component programmes
- The Evaluation of the Executive Agency for Competitiveness and Innovation,
- The Evaluation of the Indicators of the Entrepreneurship and Innovation Programme,
- The Evaluation of the Lead Market Initiative
- All the available Work Programmes and Implementation Reports for each programme for the years 2007-2011
- Responses of the Commission to earlier evaluations
- Internal Audit Service: Performance Audit of the Entrepreneurship and Innovation Programme (EIP) managed by DG ENTR and the EACI.
- European Court of Auditors: The Audit of the SME Guarantee Facility
- Minutes of the STRABO meetings
- Minutes of the CIP Directors and Heads of Unit meetings
- The report on the results of the 'Ready to grow?' conference in January 2011 and the consultation on the CIP.

Documents relating to the future development of the CIP and its component elements, including the Ex ante evaluations and Impact Assessments recently carried were also considered in order to provide a perspective on possible developments after the current Programme.

Background & Methodology

2

The interview programme

The interview programme was intended, first, to assist with interpretation of issues raised in the evaluations of the component programmes and to a certain extent to up-date the information to be found there. Secondly, it was intended to provide information for the case studies. The interviews were therefore largely with Commission officials responsible for the main activities of the component programmes.

There were 21 interviews in total. They were broken down as follows:

- 8 officials in Directorate General Enterprise and Industry
- 1 official in Directorate General Energy
- 1 official in Directorate General Environment
- 2 officials in Directorate General Information Society and Media
- 1 official in Directorate General Economic and Financial Affairs
- 2 officials in the Secretariat General
- 1 official in the EACI
- 3 consultants involved in other evaluations
- 2 others involved in issues connected with the case studies.

Examination and writing up of three case studies

The case studies were intended to throw light on central issues for the CIP and on issues that cut across the different instruments and component programmes. They address the following issues:

- The contribution of small scale measures (in budgetary terms) to CIP policy development
- The effectiveness of support for eco-innovation under the CIP
- Lessons from the Intelligent Energy 'Chambers promoting intelligent energy for SMEs' (CHANGE) project.

The case studies themselves are presented as annexes to the Report, but reference is made to them at various points in the main document.

Analysis of the results of the research and investigations

With the wealth of material available from all the different sources, it was important to provide a structure for its consideration and analysis. The central evaluation questions, of course, had to be addressed, but at the same time the analysis had to draw on material from across the Programme, identifying recurrent themes and examining issues that affect the performance of the Programme as a

Background & Methodology

2

whole. The central approach of this evaluation, therefore, can be characterised as an examination of the main questions of relevance, effectiveness, efficiency etc. that are the key features of the evaluation, but addressed from the perspective of themes and issues that are recurrent in the findings of the evaluations of the component programmes. The main themes were identified at an early stage, though they have been elaborated as a result of the investigations undertaken. They are as follows:

The Intervention Logic

The Governance of the CIP

The main themes of the Programme

Intended Impact

The conclusions and recommendations of other evaluations

Co-ordination with related policy areas

Policy instruments

Budget

Best Practice

Monitoring and evaluation

These are the headings used in the following chapter, where the nature of the issues considered are directly apparent. In broad terms, however, it should be noticed, that they start with questions of relevance, before moving on to matters various aspects of effectiveness and efficiency, while also providing the basis for judgements on value-added, utility and sustainability. These evaluation categories are used more directly to set out the final conclusions of the evaluation.

Submission of a First Findings and Recommendations Report

A First Findings and Recommendations Report was submitted in early November 2011 and discussed with the Steering Committee two weeks later. Written comments and responses were also received. Given the range of issues covered by the Programme and the Report, these comments were very helpful and they have helped to shape the form and content of this Final Report.

Analysis & Results

3

3.1 Overall Approach

This chapter sets out the results of the analysis of the three component programmes of the CIP, organised so as to highlight cross-cutting themes and issues and sources of further potential synergy, while at the same time allowing the central questions of the evaluation to be addressed and issues examined that affect the performance of the Programme as a whole.

It begins with an examination of the coherence of the overall Programme's Intervention Logic and other issues relating to the relevance of the Programme and its component parts, before progressing to themes that throw more light on the effectiveness and efficiency of the implementing measures and then on to matters helping to assess their ultimate utility and European value-added.

3.2 The Coherence of the Intervention Logic

In a programme with such diverse elements as the CIP, that in turn have often developed from earlier actions, in some instances over a considerable period of time, it has been important to check that a consistent approach operates across the whole Programme. To this extent, at an early stage of the evaluation, there was an investigation of the Intervention Logic for the Programme and its component parts.

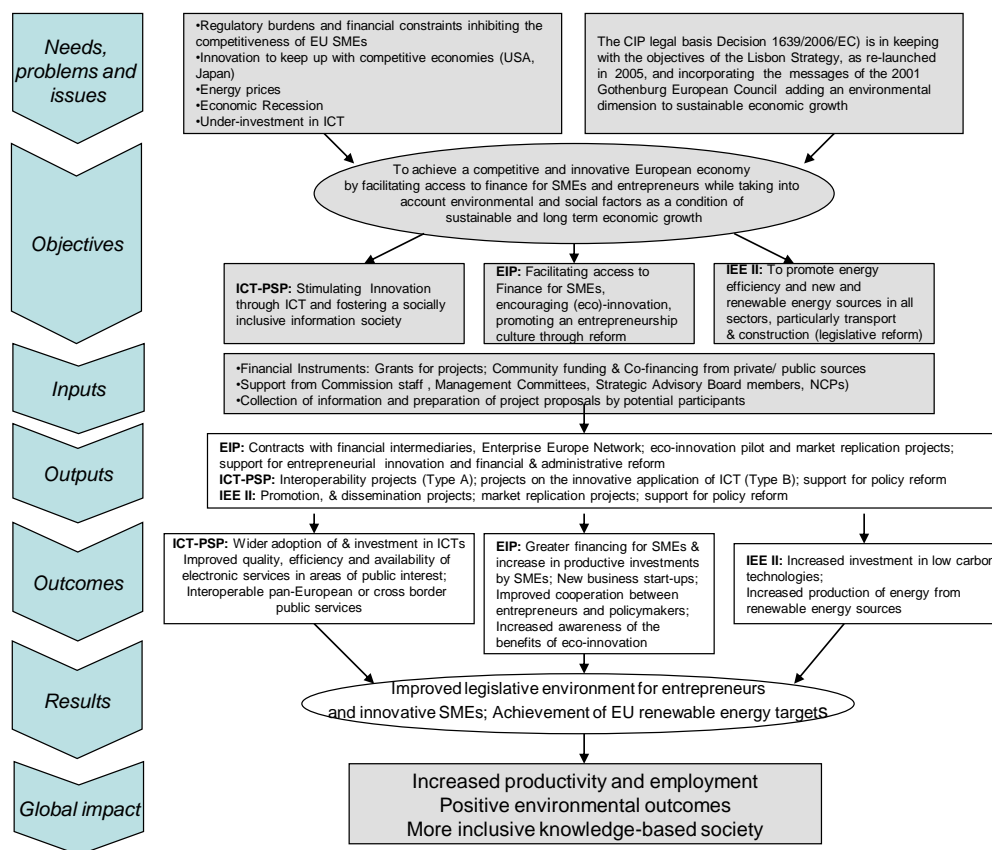
The basis for the Programme and hence the starting point for setting out the Intervention Logic has already been referred to in the previous sections. The issues identified that the objectives set out in the revised Lisbon Strategy in 2005 (or rather those of the objectives that could be addressed from within Enterprise policy) form the key initial reference point for the Intervention Logic. At the same time, the range of these objectives also explains the form that the Programme took and, in particular, the three separate component programmes that make up the framework. Opting for this approach had its advantages, as explained in the initial Impact Assessment, but also clearly risked putting a strain on the coherence of the overall Programme. In considering whether the Programme has in fact been coherent in its approach, but also its overall effectiveness, the efficiency with which it has operated, its ultimate utility and the extent to which it has added value at a European level, it was important to have a clear overview of the components of the Programme but also to investigate the cross-cutting issues, notably in relation to how the different instruments deployed under the Programme have contributed in their different ways to the achievement of its objectives. This provides the context in which to assess how well the governance of the Programme has operated, how the budget has been allocated and how assessment and monitoring procedures have operated.

The following diagram sets out the Intervention Logic of the Programme, as currently understood.

Analysis & Results

3

Figure 3.1 : The Intervention Logic of the CIP



The relationships are inevitably complex in a Programme with so many distinct elements, but setting them out in this way helps to establish their shape and to identify the main themes. It is especially evident that, although the three separate programmes were established to address their own specific objectives, there are the common themes of the promotion of competitiveness and innovation that are pursued within a common governance framework and using instruments that are usually particular to the specific programmes, but which have elements that might have applications and consequences elsewhere. Furthermore since all three component programmes are intended to generate similar results and the same ultimate impacts on the European economy and society, the question arises of whether in striving for the ultimate impacts the programmes have been able to generate synergies between their actions that have enhanced the performance of the CIP as a whole.

3.3 The Governance of the CIP

One of the shared features of the Framework Programme has been the common governance features that have applied to each of the component programmes. This includes the committees established to assist the Commission in the implementation of the Programme:

Analysis & Results

3

- the Committee for the Entrepreneurship and Innovation Programme (EIPC)
- the Committee for the ICT Policy Support Programme (ICTC)
- the Committee for the Intelligent Energy Europe Programme (IEEC)

and the combined Committee for the Competitiveness and Innovation Framework Programme, which is made up of the members of the three component programme committees.

In addition, there is the Strategic Advisory Board on Competitiveness and Innovation.

The common governance features also include common ways of proceeding, such as the annual work programmes, for each component programme, the presentation of annual implementation reports and the systems introduced for evaluation and monitoring.

These documents generated by this common structure have provided a major resource for the evaluation and underlie much of the following analysis, but there is also a question of how well these procedures have themselves operated and here the evidence appears to be mixed.

In relation to the conduct of the committee meetings for the component programmes, evaluation reports point out that general appreciation has been expressed by committee members about the way that the meetings have been organised and the amount of information provided in work programmes and annual reports. However, the reports also mention some difficulties. The IEE Final Evaluation comments that IEEC members have reiterated the perception already identified in the Interim evaluation that IEEC members believe there is room for improvement in the interaction process between IEEC members and EC officials, in particular with respect to the number of meetings and the preparation time given in advance of meetings.

For the EIP, there was a feeling on the part of the Member State representatives that their role was restricted to commenting on work programmes etc and that little advantage was taken of their knowledge at an operational level of Enterprise policy matters in their own countries.

The role of the Member State committees is governed by comitology, which, of course, has to be respected. The Commission's view is that it has established a different advisory group to provide input from the Member States on policy related issues. The 'Enterprise Policy Group' (EPG) advises the European Commission on Enterprise policy matters, including those touched on by the CIP. The EPG is made up of two chambers, the first has high-level representatives from national ministries dealing with industrial and enterprise policy issues (EPG Directors General), the second is made up of eminent persons from business (the EPG Business Chamber).

The CIP also has its own business advisory group STRABO (Strategic Advisory Board on Competitiveness and Innovation). It has not been possible within the scope of the current evaluation to consider in any detail what impact this Board has on the operation of the CIP. However, in the few instances where this question has been raised in interviews, it has not been possible to identify any specific instance, where the advisory group has had a direct impact.

Analysis & Results

3

In addition, consultation exercises have been conducted prior to the development of the CIP programme and more recently, both reviewing the existing Programme and with a view to contributing to the development of its possible successor.

Finally, of course, in terms of external accountability, the Commission is obliged to communicate the annual implementation reports, the results of the interim and final evaluations of the Framework Programme and of its specific programmes to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

As well as the external governance of the CIP, there are a series of processes within the Commission for developing the operational side of the Programme.

First, at a strategic level, the Commission analyses significant areas of policy and publishes Communications to provide a fresh orientation. In the areas covered by the CIP, notable examples include the Innovation Union Flagship Initiative⁵, the Small Business Act⁶, the Broad-Based Innovation Strategy for the EU⁷ and 'Reviewing Community innovation policy in a changing world'⁸. These documents are drawn up, after extensive consultation across relevant services of the Commission and are adopted by the College of Commissioners. Usually they are forward looking and aim to shape future policy, but they also frequently summarise recent debates and articulate lessons learned from experience. Generally too, the Communications address the conduct of policy across the European Union – Member State action as well as that at a European level and can involve developments in governance, especially in as far as the relationship between the EU and national action is concerned. The extent of reference to EU programmes and activities varies. Often this aspect is relatively summary. It can nonetheless, as in the case of the Small Business Act, represent an important statement of new orientations and help to move operational practice forward. However, of their nature, Commission Communications are only published in any particular area from time to time. They are not a mechanism for the continuous up-dating of policy practice and they cannot be expected to cover particular measures in any detail, since they operate at a different level. They therefore need to be supported by a more detailed review of practice and analysis that is more continuous and capable of influencing implementation as it develops.

⁵ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Europe 2020 Flagship Initiative Innovation Union' COM(2010) 546 final, 6.10.2010

⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Think Small First' A "Small Business Act" for Europe' COM(2008) 394 final, 25.6.2008

⁷ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Putting knowledge into practice: A broad-based innovation strategy for the EU' COM(2006) 502 final, 13.9.2006

⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Reviewing Community innovation policy in a changing world' COM(2009) 442 final, 2.9.2009

Analysis & Results

3

For the CIP, there are formal committees at Director and Head of Unit level that meet to discuss overall co-ordination of the Programme. These committees have representation from all the Directorates General involved in the Programme's operation.

In addition, there are administrative procedures within the separate Directorates General responsible for each of the component programmes - DG Enterprise and Industry for the EIP, DG Energy for IEE II and DG Information Society and Media for ICT-PSP. These procedures centre on various formal requirements, such as the drawing up of the annual work programmes and subsequently the implementation reports, the preparation of papers for the meetings of the Member State committees and the development of monitoring and indicator systems. They require the lead Directorate General to consult with other Commission services involved, so, for example for the EIP, DG Enterprise and industry has to consult with DG Economic and Financial Affairs and DG Environment on the operation of the Financial instruments and Eco-innovation respectively. Other services are consulted on a wider range of matters, both in the preparation of documents for the formal procedures and more informally in the course of meetings on operational issues.

Because the EACI is responsible for implementing many elements from across the CIP, there are extra procedures governing its particular input. Every quarter, the EACI sends a report to the relevant Directors-General and to the Members of the EACI Steering Committee. This includes the latest information on the Programme, the status of on-going projects, the implementation of the operational budget and communication indicators. EACI parent DGs also receive mid-term activity reports from the EACI and reports on the performance of the EACI in the Annual Activity Reports

Finally, there is a considerable amount of more informal interaction between officials responsible for different parts of the programme. This concerns operational matters, possible interaction between different elements of the Programme and general management issues.

The separate evaluations of the three component programmes have considered the overall management of their respective parts and the CIP evaluation team have additionally considered the procedures used and the overall management of the Framework Programme through interviews with Commission officials and through examining documents such as the minutes of relevant meetings.

The assessment of these management procedures in the evaluation reports is overwhelmingly that the formalities are carried out efficiently and effectively. The required reports are delivered, the appropriate stakeholders are consulted, decisions are followed up properly and so on. However, the EIP Final Evaluation commented that there appears to be no co-ordination mechanism to deal with substantive policy matters and, in particular, to seek to build on the accumulating experience from particular parts of the Programme in order to improve performance elsewhere. In short, there is no systematic mechanism to identify and exploit potential synergies. Similarly, the scope for transferring lessons in areas such monitoring appears to be limited. These comments would appear to apply even more in relation to the CIP as a whole.

Since, this is a fairly central issue, the problem identified requires further explanation. The starting point is that it is recognised that there are formal mechanisms for overall co-ordination. However, these mechanisms are not really appropriate, without additional supporting arrangements to consider the

Analysis & Results

3

substance of developments and especially the common lessons to be learned from activities across the programme. In fact, the minutes of the Commission's co-ordination meetings at director and head of unit level show that very little attention is given to matters of policy substance. Rather procedural questions predominate and particularly in recent times, the discussion has been dominated by consideration of how successor programmes to the CIP might be structured. There has been little reflection in formal committees, for instance on the lessons learned from the wide range of activities across the Programme that support innovation. To a significant extent, this is because, although there are mechanisms for overall administrative co-ordination and there is plenty of discussion between colleagues from different services about aspects of particular parts of the Programme, there are limited ways of pulling together the overall experience and reflecting on its implications for other activities. In part, this is a question of having appropriate structures for 'knowledge management' – having individuals responsible for reviewing developments across the Programme, capitalising on the experience gained and feeding the results into discussions in the existing committee structures and management arrangements. It is also a matter of organisational culture, reflecting the need referred to frequently in evaluations and most recently in the Internal Audit Service's Performance Audit of the Entrepreneurship and Innovation Programme, to pay greater attention to performance – the results and impacts of actions, in addition to the delivery of the necessary outputs.

Overall, particularly if further value is to be derived, from the successes already being achieved with particular measures it is necessary to develop existing governance structures, both within the Programme and beyond it. This requires developments of the following kind:

- Greater attention to the results of actions (as opposed to outputs delivered) in implementation reports and reflection on the lessons of these results, at both the action and component programme level.
- Allocation of responsibility for analysing the results being achieved across the Programme, especially in relation to the key themes of the CIP, and for reporting on broad developments, successes achieved, the lessons for other actions and the potential for synergies and further gains.
- Strengthening of related management instruments such as communication tools, best practice analysis and monitoring systems, (as explained in subsequent sections).
- Consideration of reports on substance - broad developments in policy and synergies achieved at the Commission's co-ordination meetings at director and head of unit level and at the joint Member State committee meetings.

Developments such as these would strengthen the existing governance structures and increase the effectiveness of a wide range of actions, ranging from a broader application of the expertise developed, for instance, in the management of the Financial Instruments and continuing to build the value and professionalism of support provided by the Enterprise Europe Network to a clearer and more compelling statement on the important lessons to be applied in effectively supporting innovation.

The following sections indicate a number of issues that might be the object of this additional attention.

Analysis & Results

3

3.4 The Main Themes of the Programme

The Competitiveness and Innovation Framework Programme is essentially an operational programme implementing practical measures in pursuit of the objectives of Enterprise and Innovation policy. Some of the detail of these operations will be considered in subsequent sections, but before going into the detail, it is as well to review briefly the main themes that are being addressed under the Programme. As well as providing context for the discussion that follows, this will bring some focus on the central objectives of the Programme.

The key themes of the Programme are clearly those of competitiveness and innovation, but as has already been seen, the perspective adopted by the Programme on these central themes was heavily influenced by the orientation provided by the relaunch of the Lisbon Strategy in 2006. This led, on the one hand, to a broadly-based conception of competitiveness in which the aim is for development that is socially and environmentally sustainable and, on the other, to a dynamic conception in which entrepreneurship and innovation are key drivers and in which the exploitation of knowledge resources has a particular place as a critical objective for the European economy and society. As has been remarked, the implementation of this relatively complex vision was undertaken by addressing the component parts separately in that there were distinct component programmes for promoting entrepreneurship and innovation, for making this process more sustainable (at least in energy terms) and for creating greater take-up and development of ICT. In line with this intervention logic, assessment of the results and impacts achieved has also been carried out mainly by examination of the separate programmes. However, the purpose of the current exercise is mainly to look across component programmes and judge how successful the CIP has been as a whole. For this reason, it is of interest to see how the various themes have been evident across all the different actions. This is done by looking at all the main themes in turn.

Competitiveness: There are a number of elements in the promotion of competitiveness, including the encouragement of innovation in all its forms and of the take-up of ICT, which can have significant effects on productivity. Similarly effective energy policy contributes to competitiveness by reducing energy usage and offsetting the rise of energy prices and by helping to make energy resources more secure. These themes will be considered separately, but there are also other elements that are of significance for the promotion of competitiveness, notably supporting a vigorous SME sector and encouraging enterprises to develop a global perspective and to begin or increase their operations in other parts of the EU and around the world. The themes of support for SMEs and for their internationalisation have therefore held a justified place in the configuration of measures within the CIP, primarily, of course within the EIP, but also in the other programmes, and, in the view of the EIP evaluation the way that they have been pursued has effectively complemented national measures. Equally, the Programme has seen continuing work and some success in contributing to competitiveness by improving the framework conditions for enterprises, especially in relation to regulation.

In general, the range of measures undertaken in pursuit of the competitiveness objective have been judged to be relevant and, within the overall budget, at appropriate levels. Furthermore, as the first case study illustrates, the Programme has been able to demonstrate an important degree of flexibility in responding to emerging issues. It has been possible, for instance, to respond to the increasing profile

Analysis & Results

3

within domestic and international contexts of the management and protection of Intellectual Property Rights, by a series of initiatives to clarify issues and assist enterprises in this matter.

Entrepreneurship and SMEs : The dynamism and flexibility of the small firm sector have long been seen as one of the significant factors contributing to competitiveness and the tools at a European level for supporting SMEs have evolved over time. In particular in the current Programme there has been a greater focus on where EU level instruments could add value to support provided at national or more local level.

The Financial Instruments, which the Decision determined should account for at least 50% of the EIP budget (30% of the total CIP budget), were designed to promote solutions where market failures had left SMEs without the possibility of raising venture capital or bank loans from the market and the EIP Evaluation concluded that the Financial Instruments are being successful in this respect. Similarly, the Enterprise Europe Network has successfully focused its support on assisting the internationalisation of enterprises and in helping them to become involved in R&TD projects. As is indicated by the annexed case study, a series of small scale measures are helping to improve the environment in which enterprises begin and develop their operations and these actions have been given greater coherence and direction in recent years by organising them within the framework provided by the Small Business Act.

Other parts of the Programme were not specifically designed to assist SMEs, but nonetheless have benefitted them. Based on the data from the 2008 and 2009 calls, for instance, the Eco-innovation scheme, had achieved an SME participation rate of more than 65% of the total number of participants. Similarly, although not directly targeted in the Europe INNOVA initiative, an important number of SMEs – more than 300 per project - are expected to benefit from the tools developed or adopted.

The IEE II Evaluation too showed an increasing engagement with SMEs. It analysed the participation of SMEs in the Programme and concluded that the number and proportion of SMEs both applying and participating had increased over time. After big increases in the proportion of SME beneficiaries in both 2008 and 2009, SMEs accounted for 47% of all beneficiaries as compared with 37% in IEE I. The vast majority and an increasing proportion of the SME beneficiaries in IEE II are also privately funded.

The ICT PSP, however, has made less of a contribution in this area, mainly because of the nature of the Programme. The ICT PSP Expert Panel considered SME participation and concluded that, although SMEs are addressed as both direct and indirect beneficiaries, it appears unrealistic to aim to attract very large numbers of SMEs into the pilots, when the main focus is on public administrations and software/service providers. This has been reflected in the Work Programme design. ICT PSP programmes in the main are complex public–private projects focused on deployment in areas where technology based SMEs are not the major players. Analysis showed that SMEs are likely to be at the edges of ICT PSP networks. It is more realistic to expect a limited direct involvement and to aim to maximise indirect spillovers to SMEs.

Nevertheless the Expert Panel did still see room for improvement and a stronger role for SMEs in the ICT PSP and it recommended that funding mechanisms be re-examined and designed so that there are no unnecessary barriers to SME participation in projects.

Analysis & Results

3

Innovation: Innovation is central to the CIP, especially if innovation is understood to mean the process whereby ideas and research are realised in actual products and services in the market. In fact, support for innovation in this sense is much more apparent when looking across the CIP as a whole than when examining the detail of specific programmes. It is a recurrent theme which has addressed a significant problem for the EU, in that Europe is not short of good ideas but has a relatively poor record in exploiting them commercially. The support for innovation under the CIP also helps define its position within the broader EU policy framework, where other phases or aspects in the complete innovation cycle are supported. As has been pointed out by an earlier report⁹ that considered the synergies between the EU 7th Research Framework Programme, the Competitiveness and Innovation Framework Programme and the Structural Funds, all three programmes share the broad Lisbon objectives, but within each of them there is a specific focus on different actors and phases of the innovation process. The CIP focuses on the innovation and replication phase and on the provision of support services to SMEs..

In developing more efficient paths from ideas and research to commercial exploitation, the CIP has been working in a relatively new area, where it has been necessary to avoid the pitfalls that were often previously supposed to preclude public measures that operated too close to the market. In this there have been notable successes. The Eco-innovation scheme, for instance, in experimenting with market replication projects is addressing particular market failures arising from asymmetric information and other problems in markets for products based on environmental technologies. Indeed, the EIP Evaluation reports that this pioneering work is of considerable interest to certain Member States in designing their own innovation support. There is also solid work reported in the areas covered by Europe INNOVA and PRO-INNO, where the EIP Final Evaluation cites survey evidence of the transfer of good practice in innovation support to actual practice on the ground.

The innovation measures under the EIP have also been largely successful in reflecting the shift in the policy debate on innovation, moving from a simple focus on technological development that characterised earlier conceptions towards a more balanced perspective that encompasses innovation in the service sector as much as in manufacturing and promotes innovation in processes and business models as well as in products. PRO INNO Europe and Europe INNOVA actions, for instance have concentrated on the three priorities of knowledge intensive services, eco-innovation and cluster cooperation and room has been found within the Programme for reacting to a new emphasis on demand-side considerations, especially after the Aho Report¹⁰ and in tackling issues such as those arising with IPR. Nonetheless, it could be argued that the CIP has not reacted sufficiently to other recently emerging themes. Recent attention to the role of creativity within an entrepreneurial culture and the

⁹ ETEPS AISBL Network for European Techno-Economic Policy Support 'Synergies between the EU 7th Research Framework Programme, the Competitiveness and Innovation Framework Programme and the Structural Funds', 2007

¹⁰ Aho, Esko et al (2006) 'Creating an Innovative Europe'

Analysis & Results

3

significance of the cultural and creative sector and its role in promoting innovation are instances where there has so far been a muted response, within the existing CIP¹¹.

The ICT-PSP and IEE II Programmes have also seen progress in developing mechanisms for carrying ideas and research into applications. The IEE II programme, in particular, is perceived in this respect, to complement other existing programmes in sustainable energy quite well, since it is specifically oriented towards promotion and replication and aims to overcome non-technological barriers (including informational, behavioural, institutional and financial barriers) to the innovation, uptake, implementation and dissemination of solutions that contribute to sustainable, secure and competitively priced energy. IEE also has a special place in broader energy policy in that it is unique as the only EU programme dedicated specifically to sustainable energy and fostering cross-country exchanges. The programme therefore has a special and critical role in the final implementation stages of EU Energy policy. The Evaluation Report raises the question of whether projects supported by the Programme are of a sufficient scale to be able to adequately stimulate the market uptake of proven technological solutions and to sustain this up-take once projects come to an end. It has to be appreciated that IEE aims to remove market barriers and catalyse investments from other complementary financial sources both public and private at a national level rather than investing directly in technologies and this is an important determinant of the budget required. Nonetheless, the Ex-ante evaluation of a successor of IEE II indicated the cost effectiveness of options that would involve an increased budget, if the work in this area is to be continued and recent experience illustrates some of the potential. Using some € 27 million in IEE grants, the ELENA Facility alone should trigger some € 2bn in Energy Efficiency and Renewable Energy Source investments. Similarly, it is pointed out in both the recent evaluations that IEE investments account for only a small fraction of EU spending on sustainable energy development and that, in particular, in the relationship between IEE II and the Structural Funds where there is unspent funding available, there is further scope for developing synergies, for instance in carrying over good practice developed under IEE into action at a regional level.

In line with the i2010 strategy – (European Information Society for growth and employment), ICT PSP supports innovation and the wider adoption of and investments in ICT, while also aiming to develop the single information space and enable an inclusive Information Society. The key feature highlighted here is the emphasis on ICT deployment and on stimulating the wider uptake of new ICT solutions in real applications, unlike FP7, which focuses on R&D and the generation of new knowledge and ideas. In this respect, the ICT PSP is again a downstream oriented programme targeting areas critical for realising the potential of technology – in this case ICT.

The ICT PSP largely aims to correct systemic and organisational failures endemic in implementing new innovative service solutions across public-private boundaries, address interoperability issues and tackle some of the standard market failures associated with deploying new technologies. It does this through a top-down policy-driven approach in large-scale projects (Pilot A) and through bottom-up demand-driven projects (Pilot B) that provide innovative cross-border services in new government service-related areas, such as eContent, eHealth and aging, eGovernment and eEnergy/ and eTransport, and promote

¹¹ Initiatives such as the European Creative industry Alliance, which will start operating early in 2012 show the beginnings of such a response.

Analysis & Results

3

interoperability and the development of wider markets for innovative public services. The ICT PSP Evaluation panel believes that the Pilot A projects represent an innovative working model of how to enhance more widespread uptake of new services at an EU level and need to be further developed. Pilot B projects are more broadly based and generally aim to deploy more widely solutions that have been initially developed on a limited scale (e.g. in a single country). Although generally acceptable or good overall, the Evaluation Panel noted exploitation and sustainability issues have often been critically reviewed by expert reviewers. Only about 25% of the projects have a good exploitation plan, and many are incomplete. There is also a need for projects to be grouped in fewer themes in order to develop critical mass and more clustering type activities could be envisaged.

In both these programmes there is also mention of the need to strengthen ties with the Structural Funds as a way of broadening the implementation process.

For all the component programmes of the CIP, therefore, the various evaluation reports indicate that there is valuable, pioneering work being undertaken on strengthening the dissemination and adoption of innovative ideas and technologies, but these processes should build on recent experience, procedures should be tightened and synergies exploited to a much greater extent both within the Programme and together with the other main programmes, especially the Structural Funds.

Exploitation of knowledge resources: This issue is closely tied to the previous topic, but there is also a particular issue to do with the targeting of policy under the CIP that is associated with it.

While the EIP has no particular sectoral focus, the other two Programmes clearly concentrate on particular sectors and the question arises of why they should have been targeted in this way. There are a number of other areas, where developments in the knowledge base have led policy makers to seek to implement measures with a sectoral or market orientation, covering, for example, bio-technology, nanotechnology, or even business services or the creative sector. In relation to the CIP, the Lead Market Initiative has had elements of this approach.

Successor programmes to the CIP may wish to revisit this question, but there is reasonable justification for the choice made for the current Programme, at least in general terms. The choice of energy as a focus demonstrated a commitment to sustainable development as an integral part of the revised Lisbon vision – this will be considered further in the next section. And there were particular reasons for the choice of ICT. Not only has ICT been seen to have a pervasive influence across the economy on general levels of productivity and economic growth, but more specifically it has been established that the EU's deficit in R&D expenditures vis-à-vis the United States is one that primarily reflects a shortfall in EU R&D spending in the production of IT goods and services¹². Furthermore analysis of the reasons for this shortfall suggests that it is failings in European institutions and infrastructure that are, in a large measure, to blame in that they are not as encouraging of innovative ICT developments as their American counterparts. It is precisely these areas that are being addressed by the ICT-PSP. From this

¹² Mary O'Sullivan 'EU's R&D deficit' in 'Knowledge for Growth Prospects for science, technology and innovation. Selected papers from Research Commissioner Janez Potočnik's Expert Group. November 2009

Analysis & Results

3

point of view, therefore, the selection of Energy and ICT as priorities within the CIP has ample justification.

There are questions though about the extent to which the Programme as a whole has sought to engage with the appropriate players in the knowledge economy. There is a growing interest in the role of universities and research centres in both generating knowledge and in contributing to its applications¹³ and although these institutions have been involved in particular projects, there is perhaps scope for strengthening their position as stakeholders in the development of innovation strategy, along with Member State and regional authorities and business representative organisations.

Sustainable Development : As has been pointed out, promoting sustainable development is an important component of the vision for the CIP, derived from the revised version of the Lisbon Strategy in 2005. The Intelligent Energy Europe II Programme is a clear element of this response, but as the annexed case study points out, it is not the only one, with eco-innovation forming a significant part of the EIP (and required to take up 20% of its budget), measures such as the Sustainable Industry Low Carbon scheme (SILC) and the eEnergy element of the ICT-PSP also making a contribution.

The case study does, however, raise the question of whether the funds available to the various measures under the CIP correspond to the role envisaged for the instruments. The IEE Final Evaluation suggests that the funds available may not be commensurate with the role of the IEE as a vehicle in the critical process of implementing new technology for energy efficiency and renewable energy sources on a widespread basis. There is scope perhaps for a more active interaction with those programmes under the Structural Funds that have incorporated provisions relating to energy.

There is also a question about the concentration on energy within the range of concerns relating to sustainability. Energy efficiency and the development of renewable energy resources and their close relationship with global warming are clearly issues of major importance and there are of course concerted efforts to make progress towards the 2020 targets. However, these are not the only issues for sustainability. Resource efficiency and recycling, the use of land and water resources and the avoidance of contamination and pollution are all major issues too. Moreover, these areas often offer significant opportunities for economic growth and employment, as has been highlighted by the Lead Market Initiative. It should therefore be asked if there is sufficient attention to these other sustainability issues across the Programme, although given that the implementation of the Programme is directed by the priorities set in the Decision, this is more a question relating to the 'relevance' of the initial priorities than the effectiveness of the current programme.

There is probably no clear answer to this question. Certainly the support for eco-innovation under the EIP is not restricted to energy-related projects and there is scope for a range of other actions involving environmental elements. But it may be a matter for specific consideration in future programmes, if the intention is to maintain a balanced approach to sustainable development.

¹³ P.A. David & S. Metcalfe: 'How the universities can best contribute' in 'Knowledge for Growth Prospects for science, technology and innovation. Selected papers from Research Commissioner Janez Potočnik's Expert Group. November 2009

Analysis & Results

3

3.5 The Impact of the CIP

This current exercise is a final evaluation. It takes its place in the cycle of evaluations that are designed to support evidence-based policy making. In principle, building on the initial impact assessment that aimed to predict the likely consequences of the CIP's implementation and the Interim reports that commented on the way that the Framework Programme and its constituent parts were being implemented at a relatively early stage of the cycle, the current exercise should be in a position to assess whether the intended impacts of the Programme are in fact being realised in practice.

One major constraint, however, on making a final assessment is that although the evaluation has an ex-post character, it is in fact being conducted just over half way through the Programme's own cycle, (which is due to continue until 2013). The reason for this is understood, given the need to make use of analysis of the effects of the Programme in the formulation of proposals for a new Programme to follow on after 2013. Nonetheless it is clear that the full effects, especially of the new and re-organised elements in the Programme, such as the Financial Instruments and the Enterprise Europe Network, are not to be expected until a later period. This in itself raises the question of whether evaluations are being scheduled at a point in the policy cycle that allows them to make the most constructive contribution. This issue is also raised in the section dealing with monitoring and evaluation.

Within this constraint the final evaluations of the component programmes have tried to assess the effects of the actions undertaken and the extent to which they are meeting the objectives set. Furthermore for some parts of the Programme, the Decision itself contains a series of references to the particular effects to be expected from the Programme both in the main text and in annexes and these were further elaborated in the impact assessment that accompanied the Decision.

Article 8 of the CIP Decision on monitoring and evaluation refers to a number of expected outcomes in broad terms, requiring both the interim and final evaluations to adopt appropriate methodologies to measure the impact of the Framework Programme, and each of the specific programmes, against its objectives, including competitiveness, innovation, entrepreneurship, productivity growth, employment and environment. It also calls for an assessment of the quality of the services provided by the Enterprise Europe Network and for the Annual Implementation Reports of the EIP to identify eco-innovation activities clearly. In addition, Annex II of the Decision sets out provisions governing the implementation arrangements for the Financial Instruments supported under the Programme. Section 5 of this Annex deals with evaluation and requires external evaluations to report on a number of specific effects, such as the number of SMEs benefitting from the High Growth and Innovative SME Facility and the number of jobs created. There is no specific reference to any expected outcomes from the IEE of ICT-PSP programmes.

The CIP Impact Assessment

The Impact Assessment that accompanied the Commission's proposal for a Decision on the CIP naturally has rather more detail than the Decision itself. However, even the Impact Assessment concentrates on the EIP Financial Instruments and the Enterprise Europe Network as the measures responsible for a relatively large proportion of the total budget, with rather less said about the anticipated outcomes of the other areas. So, there are specific figures given for the number of SMEs expected to benefit from

Analysis & Results

3

the two main financial instruments at the 7-year horizon, plus an estimated average cost, the anticipated number of jobs maintained or created at a 6-year horizon and the average cost to the EU budget per job created or maintained. Similarly, there are estimates of the number of venture capital funds supported that the Financial Instruments will support for both the early and expansion stages. In effect, therefore, there are quite explicit targets set for the Financial Instruments.

In relation to the Enterprise Europe Network, the Impact Assessment provided an estimate of the number of SMEs expected to be reached by awareness-raising activities, the number of events dealing with European issues of relevance for SMEs and the number of enterprises looking for a partner in another country that would be put in contact through the business cooperation tools managed by the Network. It should be recalled that the Network was established under the CIP, through a call for proposals in 2007 and it started operating in 2008. It brought together two pre-existing networks, the Euro Info Centres (EICs) and Innovation Relay Centres (IRCs), but also brought in other business support organisations not previously involved in either network. It now consists of 91 regional consortia, involving a total of 581 organisations.

Otherwise the Impact Assessment tended to refer to the objectives of the various parts of the Programme as indicating the likely effects or otherwise to express the expected outcomes in relatively general terms.

In the area of innovation, within the EIP framework, the Impact Assessment referred more to longer-term outcomes than to expected results. Effects such as more enterprise-university and SME cooperation for innovation, increased innovation expenditure as a percentage of turnover, more SMEs using non-technological innovation, greater access to risk-capital and leveraging national and regional funding for business innovation projects were mentioned, together with anticipated outputs, such as an increase in sales of new-to-market products/services and of new-to-firm products/services an increase in EPO patent registrations and in employment in medium-high and high-tech manufacturing. However, in contrast to the situation with the Financial Instruments, none of these anticipated effects were expressed in quantitative terms.

In the area of eco-innovation, there is reference to the potential of environmental technologies to meet environmental challenges while at the same time contributing to competitiveness and growth and also to the potential of eco-innovation to reduce the time-to-market for innovative goods and services and thus speed up the return on investment in innovation, but no estimation of impacts as such.

In relation to the Intelligent Energy Europe Programme, certain anticipated outputs were cited, relating to the number of projects launched and the additional private and government funding attracted, but otherwise it was expected that benefits would be those flowing from the stimulation of a better use of resources and energy, in turn promoting new and renewable energy sources and supporting energy diversification and leading to a reduction in Europe's reliance on imported fossil fuels.

In relation to the ICT programme the impacts cited were the desired levels of ICT penetration and the consequent productivity gains.

It should be mentioned that the Impact Assessment also discusses the social consequences of the EIP,

Analysis & Results

3

pointing out that innovation has a high potential for making a social contribution through the development of products and services that improve the quality of life, especially for specific social groups, such as disabled persons, and the ageing population. Innovation, of course, also has an important part to play in addressing environmental problems – precisely the aim of the eco-innovation initiatives and the Intelligent Energy Europe Programme.

Finally, it should be recalled that in an annex, the Impact Assessment provided a long list of indicators, relating them to all the main objectives established for the separate parts of the Programme and specifying the source of the relevant information for estimating them. There is a further discussion of these indicators in the section on monitoring and evaluation below (section 3.8), but at this point, it should be noted that provision was made in the Impact Assessment for a system that could assist the monitoring of the performance of the Programme on a continuous basis.

Programme Effects Reported

The final evaluations reported on the extent to which the anticipated effects of the Programme are being realised. The Final Evaluation of the EIP provided substantial detail on the performance of the Financial Instruments. This information was based on various sources, including EIF reports and data collected directly from beneficiaries of the funds. The table presented below gives the overview of the situation set out in the report (April 2011) with respect to a number of the anticipated outcomes. Where possible more recent information has been included¹⁴.

Table 3.2 Anticipated and Real Values of Financial Instrument Monitoring Data

| Indicator | Anticipated Level for period 2007 – 2013 All Participating countries | Real value at 30/06/ 2011 or at latest available date All Participating countries |
|---|--|--|
| <i>Number of venture capital funds supported/Number of transactions/Number of intermediaries</i> | | |
| Early stage (GIF 1) | 17 (of which 2 eco-innovation) | 17 (GIF 1)(of which 3 eco-innovation) |
| Expansion stage (GIF 2) | 15 (of which 2 eco-innovation) | 7 (GIF 2)(of which 1 eco-innovation) |
| Securitisation (SMEG) | 16 | 0 |
| <i>EU Investment/EU cost/EU support</i> | | |

¹⁴ The EIP Final Evaluation Report referred mainly to data as a 31st December 2010. In a number of instances data are now available up to 31st June 2011.

Analysis & Results

3

| | | |
|--|---|---|
| per intermediary or transaction (million €) | | |
| Early stage (GIF 1) | Maximum: 30 Typical range: €10-14 | Maximum: 20 Range: € 2.7 (Bullnet) – 20.1 (Northcap IVS Fund III) |
| Expansion stage (GIF 2) | Maximum: 30 Typical range: €13-23 | Maximum: 25 Typical range: € 6.4 (Cape regione Sicialiana) – 25.3 (HPE PRO Institutional Fund) |
| Securitisation (SMEG) | €3 | 0 |
| Number of SMEs benefitted | <i>(over the duration of the whole Programme)</i> | |
| Early stage (GIF 1) | 674 | 137 (of which 26 eco-innovation) |
| Expansion stage (GIF 2) | 526 | 38 (of which 13 eco-innovation) |
| SMEG guarantees | 315,750 | 142,168 |
| Average cost € | | |
| Early stage (GIF 1) | 300,000 (600,000 for eco-innovation) | 300,000 (400,000 for eco-innovation)* |
| Expansion stage (GIF 2) | 500,000 (750,000 for eco-innovation) | 600,000 (200,000 for eco-innovation)* |
| SMEG guarantees ** | 1,330 | 1,226 |
| Number of jobs maintained or created *** | | |
| Early stage (GIF 1) | 35,048 | 2724 (of which 1162 eco-innovation)* |
| Expansion stage (GIF 2) | 27,352 | 2488 (of which 983 eco-innovation)* |
| SMEG guarantees | 315,750 | 170,602 **** |

Analysis & Results

3

| | | |
|---|--------|--|
| Average cost to the EU budget per job maintained or created : | | |
| Early stage (GIF 1) | 6,362 | n.a |
| Expansion stage (GIF 2) | 10,420 | n.a |
| SMEG guarantees | 1,330 | n.a |
| The number of SMEG loans defaulted (see note below) | n.a | 1,173 * |
| The value of SMEG loans defaulted (see note below) | n.a | 12,899,018 * |
| The rate of return to investors in GIF Funds Early stage GIF Expansion stage GIF | n.a | n.a |
| Change of venture capital availability indicator | n.a | |
| Change of access to loans indicator | n.a | |
| Evidence from EIP Evaluation Survey of Beneficiaries | | |
| Firms stating FIs as only/significant source of finance : GIF SMEG | n.a | GIF: 39% SMEG: 46% |
| Growth of turnover GIF SMEG | n.a | The indicator average "Growth of turnover" can be estimated over the past three years but is deemed not to be a relevant indicator here, since the programme has not been fully implemented yet and most beneficiaries have received the financial support only recently. Therefore this indicator is not a good overall reflection of effects contributable to the financial instruments. More information on the effects of the support on growth and employment are included in section 2.3 |

Analysis & Results

3

| | | |
|--|-----|---|
| <i>New products or services developed</i> | n.a | New products and services developed past three years GIF: 83% SMEG: 61% |
| <i>Percentage of SMEs stating positive prospects due to financing</i> | n.a | (fairly to very positive) GIF: 94% SMEG: 76% |
| <i>Number of high growth enterprises among GIF beneficiaries</i> | n.a | (>20% annual growth over three years) GIF: 48% SMEG: 28 % |

Source : Final Evaluation of the Entrepreneurship and Innovation Programme

* As at 31st December 2010

** The average costs of GIF are published on an annual basis in the annual reports. The average estimated cost per guarantee of SMEG is calculated as the budget committed (€311.8 million) times the current utilisation (55.9%) divided by the number of beneficiaries (158,191).

***The target number of jobs refers to the number of jobs maintained and created through the support five years into the implementation of the support facilities. The jobs 'created' refers to the employment levels reported in employment report at 31st December 2010. It was not possible to calculate the number of jobs that would have been lost without the support.

****Based on an estimate used in the EIP Evaluation of 1.2 jobs per guarantee.

Note on loans defaulted : After the submission of the Final Report, data became available showing a notable increase in the number and value of loans defaulted (by December 2011, there had been defaults on 2.965 loans, with a value of €32.174.395).

The EIP Final Evaluation provides considerable amounts of additional data on the performance of the Financial Instruments and it is not appropriate or possible to summarise them adequately here. A central issue that is relevant however, is whether or not the Financial Instruments are generally achieving the results expected of them. Here the EIP evaluation is reasonably positive. First of all, it concludes that the instruments do meet a clear need for finance on the part of the beneficiaries and they demonstrate that gaps in SME finance can be addressed. About two thirds of the beneficiaries of the GIF fund indicated that they would not have set up the business or made a particular investment without the financial support received. This also holds for almost half of the beneficiaries of SMEG. The EIP evaluation also has evidence that the Financial Instruments are providing effective support for innovation in general and eco-innovation in particular. But the central issue in the current context is whether or not the Financial Instruments are achieving the 'targets' implied in the Impact Assessment. On this issue there are certain complications in arriving at a judgement relating to the rather long period over which the instruments can potentially have their effects. The programme started in 2007 and runs until the end of 2013. Because the EIF has a further 9 months beyond that to sign agreements with

Analysis & Results

3

intermediary funds, they can be concluded up to 30th September 2014. The availability periods for SMEG loan guarantees may then last well into 2017. For GIF the investment period runs up to 2026. This means that the data available currently cover only an initial period of the implementation of the Programme. Taking these factors into account, the EIP Evaluation concluded that 'the performance of both GIF and SMEG so far suggests that they are on track to achieve the outcomes anticipated in the CIP Decision'.

The most recent reports from the EIF¹⁵ give further support for this conclusion and provide evidence that the instruments' anticipated increase in momentum is in fact occurring. The number of GIF funds supported increased from 19 in April 2011 to 24 by 30th June 2011. Over the same period the number of SMEs supported by GIF funds increased from 143 to 175, while the number of those benefitting from guarantees increased from 109,779 to 142,168.

In relation to the Enterprise Europe Network, the EIP Final Evaluation drew data from the annual Implementation Reports and the PES monitoring tool on the performance of the Network in relation to its 17 specific indicators. Again it was possible to refer to anticipated performance levels, but in fact the monitoring system (developed from the systems used by the earlier networks) are more extensive than the particular performance variables highlighted in the Impact Assessment and provide a wider picture. This was set out in the EIP Final Evaluation. However most of the data reported were based on figures collected after 30 months of Network operation. It has now been possible to up-date this information, using the figures available for 36 months of operation. They are as follows:

Table 3.3: Enterprise Europe Network Performance Data

| | Anticipated Level | Latest known Level | Source Notes |
|---|---|--------------------|----------------------|
| No. of promotion and informational local events organised | 17472 after 36 months (i.e. 5,824 per year) | 19,098 | EACI data (36 month) |
| No. of SMEs participating in local events | 7 million after 36 months, (i.e. 2..34 million per year) | 744,987 | EACI data (36 month) |
| No. of SMEs being contacted via Newsletters | (SMEs reached by the European awareness-raising activities) | 7,154,240 | EACI data (36 month) |
| No. of SMEs helped with questions on EU subjects | | 295,945 | EACI data (30 month) |
| No. of SMEs receiving specialised advisory services (EU programmes, IPR, technology review, financing | 90,000 (3 years target) | 164,666 | EACI data (36 month) |

¹⁵ EIF Quarterly Report on the high Growth and Innovative SME Facility, 30 June 2011; EIF Quarterly Report on the SMEG 2007 Facility, 30 June 2011

Analysis & Results

3

| | | | |
|---|-------------------------|--------|--|
| services etc.) | | | |
| No. of SMEs consulted (SME Panels and SME Feedback database cases) | | 12,000 | EACI data (36 month) |
| No. of brokerage events co-organised | | 2,330 | EACI data (36 month) |
| No. of SMEs participating in brokerage events | | 40,220 | EACI data (36 month) |
| No. of company missions co-organised | 1,500 (3 years target) | 1,849 | EACI data (36 month) |
| No. of SMEs participating in company missions* | 25,000 (3 years target) | 26,442 | EACI data (36 month) |
| No. of partnership proposals produced and disseminated to SMEs (Business, Technology, Research) | | 31,657 | EACI data (36 month) |
| No. of expressions of interest on partnership proposals | | 95,900 | EACI data (36 month) |
| Number of partnership agreements signed | | 4,441 | EACI data (36 month) |
| Total workforce involved in providing services | | 1,246 | 2009 EIP Implementation Report |
| Client's satisfaction rate | | 68% | <i>CSES survey (Q3 2010, 33 month)</i> |
| Availability of the network IT tools: no. of reported problems | | 2,943 | 2009 EIP Implementation Report |
| No. of network partner staff participating in training courses and working groups | | 1,332 | 2009 EIP Implementation Report |

Source : Final Evaluation of the Entrepreneurship and Innovation Programme

Again the conclusion is that, in general, the Network can be judged to be performing as anticipated, especially now that it is back to full speed, after the disruption caused by the launch of a network with a new configuration.

In relation to innovation activities, neither the Decision nor the Impact Assessment were explicit in terms of expected outcomes, other than by reference to a broad range of possible effects. We should recall that innovation actions were supported by the Framework Programmes for Research and Development up to 2009. In contrast, eco-innovation actions began with the CIP. The EIP Final Evaluation therefore concentrated on these latter activities in terms of its detailed investigations and

Analysis & Results

3

commentary on impacts. However this commentary was largely on operational aspects of the eco-innovation measures.

Other activities pursued under the EIP have been rather diverse in nature and it is difficult to characterise their overall impact, either intended or actual. One of the annexed case studies examines the role of small-scale activities within the Programme and concludes that in spite of some of the difficulties of establishing a clear perspective on their contribution, they are significant source of flexibility and make important particular contributions to the overall package. Furthermore, some of the particular small budget items are certainly not negligible in their effects. The Action programme for reducing administrative burdens and its follow-on measures have been very effective in identifying and following through regulatory simplifications. These are valued by the action programme at over € 40 billion.

As has been seen, there were no specific expected outcomes in either the Decision or the Impact assessment relating either to the Intelligent Energy Europe Programme or the ICT Policy Support Programme. The only basis for any perspective on the anticipated effects of the Programmes was the list of indicators annexed to the Impact Assessment.

However, in a subsequent development of indicators, the IEE Programme did highlight the following four variables as central to its policy focus :

- Cumulative investment made by European stakeholders in sustainable energy (measurement in EUR)
- Renewable energy production triggered (measurement unit toe/year)
- Primary energy savings compared to projection (measurement unit toe/year)
- Reduction of greenhouse gas emissions (measurement unit t CO₂e/year).

The Final Evaluation of IEE II points out that these targets are central to energy policy more generally and it would be very difficult to disentangle the IEE contribution to their achievement, even in retrospect. Furthermore, at this stage, the lack of measurable results from projects means that it is not possible to make even the most general assessment of the longer term outcomes and there are similar problems with respect to quantifying the impact of the IEE II programme on innovation and competitiveness. However, these indicators have been made central features of the reporting requirements that form part of the contractual obligations of projects supported under the Programme and may be expected to generate data on the contributions from projects over the longer term. This process is to be strengthened further by work being currently undertaken on developing the indicator system.

As far as the ICT-PSP is concerned, the indicators listed in the Impact Assessment related primarily to longer term policy outcomes, where again a problem of attribution arises. It is understood that there has not been any further development of an indicator system and reference in work programmes and implementation reports is mainly to programme management statistics, accompanied by a general reference to expected impacts.

Analysis & Results

3

Overall, therefore, although at the beginning of the Programme, the Decision and Impact Assessment identified certain particular areas where anticipated outcomes were relatively specific, in general, the stated objectives for the various parts of the component programmes of the CIP define what the Programme was expected to achieve. In those areas where specific outcomes were anticipated (notably the EIP's Financial Instruments and the Enterprise Europe Network) the activities are generally progressing at a pace that gives a reasonable expectation that the anticipated performance will in fact be achieved.

3.6 The Conclusions and Recommendations of other Evaluations

This Final Evaluation of the CIP is taking place at the end of an evaluation cycle in which there have been Impact Assessments and ex-ante evaluations, Interim Evaluations of the CIP and of each of the component programmes and now Final Evaluations of each of the separate programmes. There have also been an Evaluation of the EACI, an evaluation of the EIP Indicators and evaluations in related areas, such as the Lead Market Initiative. In addition, there have been investigations by the Internal Audit Service, most recently a Performance Audit of the EIP and an Audit of the SME Guarantee Facility. Finally there have been consultations of stakeholders and the "Ready to Grow?" conference on 25 January 2011 that reviewed the operation of the CIP.

It might well be asked if all of these assessments are necessary. They are partially explained by the diverse and complex nature of the component programmes and the range of activities undertaken under each of these. The annexed case study A.I considers the question of whether or not there are too many small scale measures, but it has not been one of the aims of the current evaluation to consider the broader question. In fact the Final CIP Evaluation has largely been a summary exercise reviewing the results of the earlier exercises.

These evaluation and related reports have given rise to a large number of conclusions and recommendations. For instance, just taking the most central:

- The CIP Interim Evaluation had around 40 conclusions and made 11 recommendations
- The EIP Final Evaluation had 44 conclusions and 39 recommendations
- The ICT-PSP Final Evaluation Panel produced 15 recommendations
- The IEE II Final Evaluation had 74 findings and 20 recommendations

Each of the reports are usually presented to the relevant Member State committee and there is also in most cases a follow-up paper reporting on the Commission's response to the conclusions and recommendations in each case.

In these circumstances, it is rather difficult to present a clear overview even of the main points raised in each of the relevant documents. The following nonetheless highlights a number of issues raised in the central evaluations.

Analysis & Results

3

The CIP Interim Evaluation

The Interim Evaluation of the CIP raised a number of issues that have continued to find echoes in the final evaluations of the component programmes. There was a recommendation, for instance, that there should be improved coordination between the Directorates-General involved in implementation of the CIP. Among other consequences, this could strengthen the leverage effect of CIP by institutionalising and improving its linkages with other EU programmes. For example, CIP initiatives could be better utilised by Cohesion policy to design and implement more effective regional innovation policies (subsequently funded through Cohesion funds); moreover, regional programmes and actions could be complemented by pilot actions funded through CIP.

More generally, the Interim Evaluation reported, the governance structure of the CIP was not working effectively in terms of providing a strategic steer to the programme. The link between individual measures and overall programme objectives were not very clear in the annual work programmes and their format did not provide direction nor the basis for forward planning. A coherent storyline in terms of the progress, developments and achievements of the Framework Programme over time and since its inception was lacking. Furthermore monitoring should be developed to include 'results' and 'impact' indicators as well as variables relating to outputs.

The Interim Evaluation also recommended that a communication and dissemination strategy should be developed specifically for the CIP.

The EIP Final Evaluation

In its main parts, the Final Evaluation reports, the EIP now has a substantial body of achievement, after some disruption in a number of areas, when the Programme was launched. Broadly, the programme is on track to deliver its expected results and this is appreciated by stakeholders who have warned of the danger of fixing what is not broken.

The momentum is expected to continue, with the main elements of the Programme continuing to expand their own specific outputs, but there is also a potential for additional gain through greater synergies between the component parts and a better integration of the smaller activities. However these synergies need to be organised rather than discovered later on in the process. The development of this active co-ordination role within the EIP could also provide the basis for co-ordination with parallel actions such as the Structural Funds. Enterprise Europe Network members, for instance, could be involved in discussions at a national level on the priorities and implementation of the Structural Funds.

The Enterprise Europe Network's role as a channel of communication could be enhanced, both as a feedback mechanism from enterprises and as a means of communication from the Commission to the business community. With its day-to-day contact with enterprises, but also its familiarity with EU policy and the procedures of the European institutions, the Network is a natural bridge between European policy makers and the operational world of business. The Enterprise Europe Network could be a key tool for disseminating information to SMEs on developments within the programme and on market opportunities being created by ICT-PSP and IEE II projects, but this process needs more management and priorities should be set.

Analysis & Results

3

The overall efficiency of the Programme again builds on the efficiency of its component parts, but it has been observed that there have been substantial differences in the way that targets and anticipated outcomes have been set for the different parts of the Programme and also in the way that progress has been monitored. The contribution of monitoring systems to the overall efficiency of the Programme could certainly be enhanced if the data were brought together and presented more consistently. The annual Implementation Reports are the obvious place for this, though they would need to be presented more clearly than at present, where reference to indicators is mixed in with other aspects of the reporting process. What is needed is a separate presentation of all the monitoring indicators together.

A continuing effort should be made to arrive at a clear and consistent monitoring system, to collect the necessary data and to use it to help assess progress. This will require a more systematic approach to the collection and presentation of monitoring data. The establishment of an IT system to allow for a more efficient monitoring of the projects is recommended.

The Europe INNOVA and PRO INNO Europe initiatives do not target SMEs directly, but the awareness of the initiatives on the part of innovation policy makers and innovation service providers still needs to be enhanced.

Although DG Enterprise and Industry has an overall communication strategy which determines priorities in an annual Communication Plan, there is no co-ordination otherwise of the promotional activities of the different elements of the EIP. While clearly the various parts of the Programme do have their different target audiences and need to undertake separate promotional activities, there is also scope for explaining what the EIP, and indeed the CIP overall, are doing to audiences that are in a position to contribute to the achievement of the Programmes' objectives.

Echoing a theme of the Interim CIP Evaluation, then, the EIP Final Evaluation concluded that a greater degree of overall management is needed for some of the cross-cutting elements of the EIP.

The ICT-PSP Final Evaluation

A large number of public bodies and commercial organisations are participating in the ICT-PSP which confirms that the Programme's goal of reaching out to its intended stakeholders is being achieved. . The response to calls for proposals in the early years has been encouraging with requests for support exceeding the available budget. Those projects and thematic networks which were selected for funding or contract grant negotiation fully covered and supported all the themes and objectives as defined in the Work Programmes. However the share of private participants in PA projects is fairly low, suggesting that the primary development work of ICT systems and services (typically a stage where private initiative is involved) is less crucial in the Programme's deployment strategy. Instead, achieving interoperability across borders and systems may be a more prominent aspect of deployment and hence, private actors may play more of a supportive than a leading role.

It appears that the strongest added value of taking part in the ICT-PSP programme is the development of networks/visibility. Regarding networking and community building it has been observed that collaboration and dissemination occurs successfully between consortium members, but is a lot less successful in reaching out to academia, industry and public agencies. Allegedly, these three target

Analysis & Results

3

groups are not well defined by the project and, consequently, they are not very systematically approached. In terms of sorting the desired effects, the Thematic Networks appear to be productive in dissemination activities, but there are doubts as to whether dissemination is targeting the relevant beneficiaries and is preparing the ground for subsequent developmental, implemental and deployment activity. A better definition and targeting of relevant audiences, especially in the case of Thematic Networks, should receive attention. Similarly, stakeholders should indicate more accurately their type of organisation (e.g. academic organisation, research centre, SMEs, NGOs, government and local authorities...) when applying in order to make dissemination channels more effective.

As is to be expected with the launch of any significant new initiative, participants faced a challenge in understanding the programme's aims and objectives and their relation to existing or previous initiatives. There was general agreement that proposal submission processes could be simplified for applicants, particularly as overlaps between general principles and specific requirements for a particular theme and objective tended to produce unnecessarily lengthy and repetitive proposals. Generally, however, the selection process was carried out efficiently, although in the early years the negotiation process coincided with the introduction of new IT tools (e.g. NEF, PEGASE), which experienced some technical bugs and it took time for Project Officers to learn to use these new tools.

There is a sustainability issue once the funding period is over. Especially in the case of Thematic Networks, there is doubt about the continuity and sustainability of networks and platforms created. Budgets available are rather limited to keep a consortium going. Exit strategies become crucial and, in certain cases, attempts to set up Public-Private Partnerships to ensure the continuity and sustainability of eServices have been observed. This kind of construction can provide additional means for projects and make the survival of their outcomes more likely when ICT PSP funding is over. A reconsideration and rationalisation of TNs and their budgets may be indicated in order to raise the chances of making them more development-oriented and with more practical value.

Uptake and wider deployment of eSystems and eServices are more confident prospects for PA projects, than for PB projects and least of all for TNs. This is logical since PA focuses most explicitly on deployment. PAs are the most effective instruments as they reach out to the largest group of citizens and businesses by means of eServices and eTools. PA projects, as well as other instruments would benefit from including a marketing and/or communication plan in their overall Work Programme structure and work plan/strategy. More thought should be given to the project life cycle. Projects should try to develop strategies in a concrete way and pay more attention to sustainability (economically and/or politically). TNs could be grouped and more focused and serve as preparatory or follow up actions to PBs.

The monitoring of ICT PSP projects on criteria such as effectiveness, efficiency, relevance, sustainability is limited because there is no clear definition or description of these indicators. A framework or guideline for understanding these concepts in the context of ICT PSP projects should be developed and the engagement of projects in performance measurement and monitoring further promoted.

Analysis & Results

3

The IEE II Final Evaluation

The overall assessment of the IEE II final evaluation was that ‘the programme is relevant and useful’ and that ‘overall the actions supported by the programme are of good quality’ It was also concluded that ‘the programme is a useful instrument that should be continued’ Furthermore, it is reported that a majority of IEEC members and project participants believe the IEE funded activities are better value for money than alternatives where these exist.

The budget of the IEE II programme is relatively small, when compared to that of the EIP and other energy policy measures. Within the range of policy measures, IEE II focuses more on the development of best practice and the cross-border dimension of energy efficiency by involving public authorities and private actors in overcoming market barriers than on actions intrinsically requiring a large budget, such as the facilitation of financing and investment that characterise the EIP and other energy policy instruments. However, in spite of a relatively narrow budgetary base when compared with these other instruments, the IEE does play a significant part in addressing the overall aims of the CIP on the one hand and energy policy on the other. Its specific contribution is through activities that promote innovatory techniques, processes or products, which have already been technically demonstrated with success and by tackling the barriers that prevent their market uptake.

A failure to specify the objectives of the IEE II programme in terms that conform to SMART criteria (specific, measurable, achievable, relevant and time bound) is said in Finding 40: of the Final Evaluation to contribute to a difficulty in defining the relationship between the objectives of the IEE Programme and its budget. In particular, the programme only addressing a part of EU sustainable energy development objectives within a wider framework makes it difficult to assess its particular contribution to the overall impact. Member States and other stakeholders are divided over whether or not more budget is required to achieve current objectives, but there are clear indications from the ex ante evaluation of a successor of IEE II that an increase would be cost effective.

In a broader context of the funding available at a European level to pursue energy policy objectives, it is pointed out in the Final Evaluation that there is a relative underspend of Structural Fund resources available for energy applications. The Interim Evaluation of the IEE had called for greater co-ordination with the Structural Funds and there is evidence of this happening at various operational levels. A number of IEE II promotion and dissemination projects aimed to identify how best to access and use the Structural and Cohesion funds (SF-ENERGY INVEST¹⁶; PROMOSCENE¹⁷ and Energy 4 Cohesion E4C¹⁸). There is participation in INTERREG conferences and meeting and there is input from EACI Project Officers into the specialist feedback on the selection of INTERREG proposals on Energy Efficiency/Renewable Energy Sources/transport. In order to identify links and synergies with IEE projects and to point out the state-of-the-art in the various fields so that this can be taken into account in contract negotiations. There is nonetheless scope for further interaction with the Structural Funds on

¹⁶ Collaborative actions for Triggering Investments in Sustainable Energy Actions using Regional and Structural Funds

¹⁷ Promoting the use of Structural Funds and Cohesion Funds for energy investments in New Member States and Candidate Countries

¹⁸ Sustainable Energy Actions for Europe's Cohesion

Analysis & Results

3

the basis of IEE experience, including influencing the formulation and application of the guidelines for the next programming period and eventually influencing the shape of operational programmes. In terms of the targeting of IEE actions, the Interim Evaluation had called for a greater mobilisation of real market actors besides research institutions and public authorities. A more comprehensive approach has since been adopted and the 2009 work programme, for instance, identified 14 different target groups and 35 sub target groups for promotion and dissemination projects alone, with specific targets varying for the different fields and actions. However, the Final evaluation calls for further action to build on this, commenting that there is no clear systematic overview of the defined target groups for the programme components (Finding 31) and there is no reporting at programme level of the target groups reached by the programme or by its dissemination activities (Finding 33).

The National Contact Points are an important support for new applicants but their role is limited during the projects' implementation. This can be explained by the big differences existing between NCPs. Some of them are independent, well informed and very effective. On the other hand, others lack resources and are hardly visible. The Commission should consider strengthening the capacity of National Contact Points to engage with local networks and actors in both the ICT-PSP and IEE II programmes.

Communication is a major part of the IEE II Programme, mainly involving awareness raising and dissemination of the results of the promotion and dissemination projects. However, its soft nature makes it difficult to assess its effectiveness, especially at a programme level. Programme management and participants believe that programme level communication is sufficiently effective but the Final Evaluation suggests that it is possible to build on current activities.

Market replication projects have not yet been developed on a significant scale, although there is already impressive leverage being achieved and the sums dedicated to this area are increasing in the current year. As they are developed further within IEE II, it will be important to think upfront about potential complementarities and synergies with other instruments, most notably EIP market replication projects and ICT-PSP eEfficiency projects.

Common issues

The single most persistent theme across the evaluations considered and one that is specifically highlighted in the Interim CIP Evaluation and the recent Internal Audit Service EIP performance Audit is that of the concentration on the management of outputs to the relative neglect of results and longer-term impacts. The nature of the CIP as an operational programme with a very diverse range of activities encourages this focus and makes it readily understandable. Nonetheless, particularly as experience with the Programme has accumulated, greater attention to results and outcomes becomes increasingly important.

Budgets are not always geared to the ambitious objectives of the CIP. It should also be noted that the learning effect amongst applicants means the annual number of applications is on the rise. This has implications for resources.

Although the CIP compares favourably in many instances with other major programmes and notably the Framework Programme for Research and Technological Development, administrative burdens continue to be highlighted as an inefficiency across all three component programmes and may act as a deterrent

Analysis & Results

3

to future participation. Examples include the low success rate for proposals (for instance, under IEE II and eco-innovation) creating potentially unacceptable costs for unsuccessful applicants or unnecessary requirements such as financial guarantees from public authorities or the compliance requirements of financial intermediaries within the SME Guarantee Facility.

The overall visibility of CIP is relatively limited among national stakeholders. More systematic information and awareness-raising from the European Commission is needed, particularly on the direct actions of CIP but also in promoting its success to the Member States and other participating countries. More training for intermediaries such as the NCPs could help matters.

Without neglecting the importance of public sector organisations, which are key to creating a favourable business environment for SMEs, the Commission could increase its engagement with industry representatives and ultimately of both SMEs and large corporations.

3.7 Co-ordination with related policy areas

In Article 8, the CIP Decision requires the Commission in regularly monitoring the implementation of the Framework Programme and its specific programmes, to ‘examine synergies within the Framework Programme and with other complementary Community programmes and, where possible, synergies with national programmes co-funded by the Union’.

Especially given its broad base, there are a wide range of policy areas that the CIP and its component policies could conceivably interact with. The IEE II Programme clearly sits within the broader ambit of EU energy policy. Similarly, the ICT-PSP has to be seen within the range of policies that relate to information and communication technologies and the Information Society. Many other actions within the CIP have to work with close reference to environmental or social policies or policies or initiatives in a wide range of other areas. However, as noted in the previous section, in the pursuit of Competitiveness and Innovation, there is a special and growing relationship between the CIP and – upstream – the Framework Programmes for Research and Technological Development (currently FP7) and – downstream – the Structural Funds and Cohesion Policy. Although a clear progression is commonly seen through each of the three framework programmes – from research through to applications on the ground, each programme has a common reference point in overall EU Strategy as established formerly in the revised Lisbon Strategy and more recently in Europe 2020 and there are many links and potential synergies between the three programmes.

At a practical level, the European Commission has published a guide to EU funding opportunities for research and innovation¹⁹, which explains support opportunities in research and innovation under the three framework programmes.

The Community Strategic Guidelines for 2007-2013, had stated that “synergy between cohesion policy, the FP7 and the CIP is vital so that research and cohesion policies reinforce each other at regional level’

¹⁹ European Commission ‘Competitive European Regions through Research and Innovation. Practical Guide to EU Funding Opportunities for Research and Innovation’ Last updated on: Feb 2009

Analysis & Results

3

and the European Parliament had a study conducted in 2007²⁰ that set out the potential synergies between the three policies frameworks, although given this was at an early stage for all of them, it was mainly a matter of indicating issues to watch out for.

The review of the recent evaluations in the current assignment reveals more issues raised in relation to the Structural Funds than to FP7. There are references to examples in areas of the CIP, such as eco-innovation, where research previously funded under research Framework Programmes had been picked up and taken towards the market, in line with the logic of the CIP. The IEE Final evaluation notes that the programme had been specially designed to offer new possibilities for synergies with the 7th Framework Programme for Research and Technological Development (FP7) and the Structural Funds and that IEE II complements FP7 very positively in the sense that it creates a continuum of EU support for technologies of strategic importance that are developed through the FP7. It also notes (as does the ICT-PSP report) that many coordinators of projects have already been involved in EU-funded research, but at the same time the programme had been successful in bringing in new players, particularly organisations already connected to the European innovative networks, but not on the research side.

In terms of the co-ordination within the Commission services, the Evaluation of the Lead Market Initiative reports good co-operation between the Initiative and the Framework Programme, but, although the IEE Final evaluation reports ongoing communication between DG ENER and EACI project officers, and those of other relevant DGs, such as DG RTD project officers involved in the energy component of FP7, these communications are 'not systematic or structured', operating well in some areas, but not so well in others²¹.

The relationship of the CIP and its component programmes to the Structural Funds is an issue that is more frequently referred to across the evaluation reports and similar documents. This is understandable, since while there is clearly a relationship between research and innovation, it is often more sequential than the relationship between the CIP and the Structural Funds, where there is a greater overlap. The European Regional Development Fund (ERDF) in particular is frequently addressing the territorial dimension of issues that are also central elements in the CIP. Furthermore, as Cohesion policy has moved, in the current period, away from its previous emphasis on funding infrastructure towards greater expenditure on business development and innovation support, these links have become stronger and increasingly have the potential to work in both directions. Lessons learned from innovation support in the regions, for instance, can usefully feed back into practice under CIP programmes. The Structural Funds, of course, have substantially more financial resources than the CIP and are frequently seen as a potential vehicle for multiplying the impacts of instruments and measures initially developed under the CIP, especially where a relative underspend is reported.

Many of the elements of the CIP are directly applied in the regions across Europe and many measures and projects involve regional organisations. The Enterprise Europe Network is made up of regional

²⁰ ETEPS AISBL Network for European Techno-Economic Policy Support 'Synergies between the EU 7th Research Framework Programme, the Competitiveness and Innovation Framework Programme and the Structural Funds', 2007

²¹ e.g. well established for wind and bioenergy but not for others like geothermal, etc

Analysis & Results

3

consortia, for instance, Europe INNOVA and especially PRO INNO Europe work directly with regional organisations to develop better policies and new support instruments and IEE projects often have regional partners. Many elements rely on the Structural Funds for leveraging their activity, though the ICT-PSP evaluation reported that in practice pursuing this route can be less evident than had been initially supposed. Of course, in this context, it is always necessary to remember that it is Member States and regional authorities that are actually responsible for the specific design and implementation of Operational Programmes. Overall though, the CIP is deeply intertwined with regional action and with the Structural Funds.

There are a significant number of instances cited in the evaluation reports where Commission and Agency staff working on CIP programmes have extensive interaction with staff involved in the Structural Funds. Some of these cases are cited elsewhere in this report. In addition, officials have pointed to the Regional Innovation Monitor, (supported by the EIP budget in 2009 and with a proposal for renewal next year) and the regional version of the Innovation Scoreboard, which are both used by DG REGIO at a strategic level for feeding into the preparatory work for the next round of Structural Fund programmes, where innovation is likely to have even greater emphasis than currently. At a more operational level, projects in various parts of the CIP explicitly invite Structural Fund managing authorities to participate. For example, PRO INNO Europe works directly with regional authorities, which are also encouraged to take up design aspects in innovation policy more generally and the public procurement of innovative solutions aims to involve regional and local government extensively as the authorities responsible for a large proportion of procurement activity. Similarly, relations between the Enterprise Europe Network and regional business support agencies are increasingly being strengthened, especially since their 2010 work programme encouraged them to seek contact with Structural Fund authorities systematically in order to organise co-ordinated client management and referral systems.

However, it is interesting that in referring to the problems of achieving policy consistency across a complex range of programmes, the study on synergies for the European Parliament, cited earlier in this section, stated at the beginning of the current programme period that ‘achieving an overall multi-level EU policy consistency will never be possible while policy coordination can assume only soft forms. Ensuring policy coherence in case of such multi-level, multi-stakeholder EU programmes requires the existence of an efficient multi-level governance system’. The judgement of the evaluation team is that, in spite of the efforts of a number of officials working with particular measures that have led to a growing number of points of contact and mutual support between elements of the CIP and the Structural Funds, in the absence of the governance structures referred to in section 3.3, these efforts are not going to be as effective as might be the case and are not going to generate, in a systematic way, the range of synergies that are possible.

Commenting on the complementarity of activities under the Programme and national measures is even more difficult than it is in relation to EU measures. However, the EIP, it is reported in the Final Evaluation, has achieved a greater concentration on measures where action at a European level can best create additional value and, in addition, Member State authorities refer to areas where measures work well in conjunction with national initiatives, or, as in the case of eco-innovation and Europe INNOVA, have provided inspiration for possible developments at a national or regional level. In the case of IEE and ICT-PSP, the programmes were precisely designed to trigger and support action at a national level.

Analysis & Results

3

3.8 The Instruments of the CIP

The instruments deployed in pursuit of the CIP objectives have been many and varied. In fact, under the EIP alone, more than 100 measures are described in the annual Work Programmes, covering the period 2007 – 2011. Review of these suggests that they fall into the following categories :

Table 3.4 The Different Types of Instrument used by the CIP

| Instrument | EIP | ICT-PSP | IEE II |
|--|--|---|---|
| Financial Instruments | support to financial intermediaries : venture capital funds (GIF) and loan guarantee schemes (SMEG) | | ELENA (European Local Energy Assistance facility)) and Mobilising Local Energy Investment (MLEI) priority: financial and technical assistance to local and regional authorities for sustainable energy projects. |
| Business support services | Europe Enterprise Network | National Contact Points | National Contact Points |
| Programme support - Grants | Europe INNOVA PRO INNO Europe Eco-innovation | Pilot A Pilot B Thematic Networks | Promotion and dissemination projects Market replication projects |
| Data collection and analysis | Annual Report on EU Small and Medium-sized Enterprises SBA Fact Sheets Europe Innovation Scoreboard and Innobarometer | ICT Impact Observatory ePractice portal (Common repository) | Projects collecting data on sustainable energy markets (eg Odyssee-MURE and Euroserver projects) |
| Strategic studies and policy advice through expert and high level groups | From the Community programme for the reduction of administrative costs and implementation of the 'Think Small Principle' to studies on SME access to public procurement. | Assessment of eGov action plan i2010 evaluation and impact assessment Assessment of different models of supply and charging for public sector information | Concerted Actions; Some projects (e.g. NGO participation in standardisation work) |

Analysis & Results

3

| | | | |
|---|--|--|---|
| Awareness campaigns | IPR Enforcement | | European Union Sustainable Energy Week Campaigns supported through projects (eg Climate Cup) |
| Thematic networks and cluster development | Europe INNOVA - one of three key themes is cluster development, with a focus on enhancing cluster management; PRO INNO Europe - includes the European Cluster alliance, INNO NETs TACTICS | Thematic Networks Best Practice Networks | Promotion and dissemination projects supporting network of cities or development of industrial clusters |
| Exchange of best practice | (Financial instruments) Pro-Inno Europe Europe INNOVA Take-it-up project SBA Fact Sheets Administrative reform Enterprise start-up procedures E-skills | Thematic Networks Best Practice Networks E-practice portal | Promotion and dissemination projects |
| Market replication projects: | Eco-innovation | | The European Local Energy Assistance (ELENA) Facility |
| Procurement support | Support for Lead Market Initiative and follow-on projects; eco-innovative procurement. | PEPPOL project eProcurement project | Projects on green procurement (eg BUY SMART; TOPTEN) Priority on public spending under call 2012 |

Analysis & Results

3

| | | | |
|---|---|--|---|
| Support for other policy measures | Europe INNOVA platforms linked to Lead Market Initiative or the European Technology Platforms. Enterprise Europe Network | e-health, e-energy and e-inclusion projects BPN Digital Content (Digital Agenda for Europe) 'ICT for Ageing Well' pilot B projects (Joint Ambient Assisted Living (AAL) Programme) | IEE studies and impact assessments contribute to the definition and implementation of sustainable energy legislation (e.g. Implementing Measures of the Ecodesign and Energy Labelling Directives). |
| Information, communication education and training | Enterprise Europe Network Europe INNOVA PRO INNO Europe SME Week | Thematic Networks | Nearly all promotion and dissemination projects concern information, communication and training e.g. the Build UP Skills initiative to train the building workforce |
| Monitoring and evaluation | Evaluation Studies Study on the EIP Indicators | Evaluation Studies The ICT PSP impact observatory | Evaluation Studies Study in IEE 2011 Work Programme on indicators in projects supported by grants |

The table above is not intended to be exhaustive, but rather to indicate the nature of the main measures to be found in the three component programmes and to facilitate a comparison of the actions undertaken across the Programme as a whole. Furthermore, certain actions are seen from different perspectives and are to be found more than once in the lists, but again, the intention is to be able to see easily the main instruments that are available to the three programmes.

It should also be said that the scale of the evaluation exercise has not permitted a systematic investigation of all the different actions undertaken as the basis for the comparisons made. The team has had to rely largely on comments made in other evaluations and in the documents used in the management of the Programme. Nonetheless, when looking at the Programme overall, some interesting observations can be made. These will be set out in relation to each of the instruments identified.

Financial Instruments : The instruments used to support SME access to venture capital and loans by supporting intermediaries are a major but quite distinct activity under the EIP, with some parallels in IEE's ELENA (European Local Energy Assistance) facility, which co-finance the technical assistance

Analysis & Results

3

(project development services) provided to local and regional authorities for sustainable energy investment projects. These instruments are managed by the European Investment Fund and the European Investment Bank, respectively, and this requires working in conjunction with DG ECFIN. The experience of these instruments is not directly transferable to other actions under the CIP in any obvious way, but there are nonetheless some useful elements that could be applied elsewhere, not least as a result of the growing professionalism of those who operate the instruments. This is an important asset for policy development, but may also have direct practical applications. The EIF has already been invited by a regional authority to assist with the management of a local fund, but, in general the EIP Evaluation notes, links with measures at a national level are under-developed.

One issue relating to the overall rationale for the Financial instruments is their role in tackling difficulties encountered by SMEs in accessing finance. European value-added is evident in the development of facilities that are at the cutting-edge of provision for SMEs. Once these provisions are adopted more widely, the Financial Instruments should move on.

Business support services : The reorganisation of business support provision under the CIP to form the Enterprise Europe Network has led, after some difficulties, to an effective support service to enterprises that concentrates on areas where there is clear European value-added. A significant challenge for the network appears to be in deciding how best to act as a disseminator of the results of other parts of the EIP and CIP. Within this, the relationship with the National Contact Points established under the other two programmes (and under FP7) appears to need further attention.

Programme support -Grants : Programmes that promote developments through individual projects selected after calls for proposals are a well-established policy vehicle and are the means whereby the CIP delivers much of its policy actions. The IEE and ICT-PSP programmes are mainly delivered in this form. Much of the IEE programme is now managed by the EACI and this has allowed the management of the grants process to be conducted much more efficiently, both reducing the costs of administration and the delays experienced by project participants. The operation of grant-based measures across all the component programmes compares favourably with FP7 and other comparable programmes, to a large extent because of simpler administrative procedures. The IEE evaluation, for instance, reports (Finding 91) that the programme is perceived as being a less burdensome programme in terms of administrative requirements, than other EU programmes like INTERREG, the FP7, or The Structural Funds.

The routinisation of these processes does, however, carry the danger of a loss of flexibility and an emphasis on process rather than results. It is important, therefore that the increased attention paid to the results and impacts of projects and the systems for monitoring them be continued and developed. The operation, for instance, of new contractual requirements on project participants to report on specific indicators will need further attention as the data from this process starts to accumulate. Since this approach is being developed in many of the measures across the CIP, it is an area where there could be some useful cross-fertilisation.

Data collection and analysis : There are a number of instances across the CIP where data collection is serving an increasingly significant purpose both as a means of initially informing policy decisions and then for monitoring purposes. In this respect the more systematic basis on which data have been collected is also important. The Annual Report on EU Small and Medium-sized Enterprises provides an

Analysis & Results

3

important reference point and data source for policy makers across Europe and is appreciated for this reason by Member States and business organisations. The Europe Innovation Scoreboard has also established itself as a reference point for innovation policy at all levels in the EU and contributes to benchmarking in a broad sense. The SBA Fact Sheets provide a more direct comparison of Member State performance across important elements in SME policy, while other exercises are contributing to the developing evidence base to inform policy decisions. The Impact Observatory on the performance of the ICT-PSP reviewed the impact of all CIP ICT-PSP actions over time, while also feeding directly into the Final evaluation of ICT-PSP. As another example of cross –reference within the CIP, it is of interest that the project execution was carried out by INNOVA Europe.

Strategic studies and policy advice through expert and high level groups : As well as data, studies to conduct analysis of developments in areas covered by the CIP can clearly be a contribution to the formation of policy. Similarly, making use of the advice of external experts through the convocation of expert and high level groups are an accepted practice and as the example of the High Level Group on administrative burdens in the annexed case study on small scale measures shows, can help generate substantial impacts.

The main evaluation questions are the effectiveness of these studies and similar activities and the extent to which they are followed up. Some of the examples cited have clearly had an impact, but there is little evidence to make a judgement on their overall contribution.

Awareness campaigns : Awareness campaigns vary in their role and significance within each of the component programmes. Promotion and dissemination projects constitute a major part of the action undertaken under the IEE Programme and awareness raising is one of the main objectives of the ICT-PSP's Thematic and Best Practice Networks, whereas it has a relatively low profile in the EIP, except perhaps in the promotion of an entrepreneurial culture. The overall effectiveness of awareness raising is difficult to judge, especially given that there are parallel actions at national and regional levels across the EU. At a more detailed level, they form part of the general communication effort on which there is comment below.

Thematic networks and cluster development : Europe INNOVA has centred on the development of thematic networks of innovation support providers around new themes for innovation support and has developed new approaches and better innovation support on the basis of a common understanding of various aspects of the modern innovation environment. Cluster development and excellence in cluster operation has been one of its three key themes. Similarly, PRO INNO Europe is implemented with innovation policy makers in ministries and agencies, designing and testing new innovation support programmes. A major part of the EIP's promotion of innovation has consisted of organising and exploiting networks and projects with common areas of interest in developing better innovation support.

Under the IEE Programme, the main added value is perceived to be the exchange of knowledge and the creation of networks, which most projects do to a greater or lesser extent. Again networking and operating through clusters are significant mechanisms for achieving the Programme's objectives.

Under the ICT-PSP too, the Thematic Networks were specifically designed to bring together relevant

Analysis & Results

3

stakeholders, expertise and facilities in order to address a common theme by exchanging information, developing good practice and exploring new ways of implementing ICT-based solutions. Best Practice Networks in the eContent area undertake similar activities but carry them through to the large-scale implementation of one or more specifications or standards, with a view to making European digital libraries more accessible and usable.

However, it should be remembered that networking is not an end in itself. There is sometimes a danger that the operation of a network becomes its own objective, that projects become distracted by the internal mechanisms and consequently neglect their real purpose. The main way to judge if this is happening overall is to look at results and eventual impacts, though examination of the processes involved in particular measures can also be revealing. The ICT-PSP evaluation panel, for instance, questioned the value of the Programme's Thematic Networks in their current form. The funding base of these networks is relatively restricted, since only the meeting and travel costs of participants are covered. In the current setup, the panel concluded 'there is no way to measure the real impacts or outputs of Thematic Networks' they might be better re-organised as preparatory or follow-up mechanisms for Pilot A projects.

Exchange of best practice : The focus of thematic networks and other activities across the Programme is often the identification and/or dissemination of best practice. This has various forms that range from the development of new financial mechanisms under the Financial instruments to demonstrate how SME needs can be met and the promotion of the wider up-take of technology under the ICT-PSP and IEE Programmes to the more direct development of better practice under Europe INNOVA and PRO INNO Europe and various measures addressing objectives E & F under the EIP. In fact, the promotion of best practice can be said to be one of the operational themes of the CIP and its effectiveness is considered further in a separate section below. Here, however, it is worth mentioning that various mechanisms have been adopted to carry through identified good practice into wider applications. These include the Take-it-up project that aims to facilitate the uptake of the outputs developed by Europe INNOVA partnerships, the Best practice Networks under ICT-PSP and the POWER HOUSE EUROPE project under IEE that is considered in the annex 1 case study and is directly focused on mechanisms to spread good practice in a specific sector. Occasionally the process is carried forward into a benchmarking exercise, such as that relating to the time and cost of business start-ups.

Market replication projects: Support for market replication is something particular to the CIP, reflecting its function as providing an important bridge between ideas and research and the market. In assisting in the process of demonstrating the market viability of certain products and technologies, especially in environmentally-friendly areas, the market replication schemes are addressing particular market failures, but also illustrating how support can be provided in particular ways, without compromising the market. The EIP eco-innovation scheme appears to be very successful in this respect and has offered a model that has wide interest within innovation policy.

Under IEE, many promotion and dissemination projects (e.g. projects helping with the market uptake of new lighting control systems) are very close in practice to the programme definition of 'Market Replication Projects' although they are not labelled as such. They assist with overcoming the barriers to actual take-up, usually focusing on existing technology. In contrast, therefore, to eco-innovation projects, they do not support the development of demonstration models, but the principle is broadly

Analysis & Results

3

the same. They address market failures and barriers and assist by easing the path to market adoption. In addition, under IEE there are actions through ELENA for which the term 'Market Replication Projects' has been directly reserved. ELENA projects primarily provide technical assistance support for regional and local authorities in addressing the human resource and transaction costs barriers that often prevent them from going ahead with large scale energy saving and energy conversion programmes. So, far, these actions have been relatively restricted in scope, though it is already estimated that the € 27 million provided through the ELENA Facility for project development grants will lead to final beneficiaries mobilising some € 1,9 billion in Sustainable Energy investments. Furthermore the momentum of market replication projects will grow in the period up to the end of the Programme. Close to 1/3 of the budget in both 2011 and 2012 will be reserved for ELENA and in 2013 the sum allocated to ELENA is expected to grow further.

There is then now a substantial amount of experience at a European level with dealing with problems in particular near-market situations. Beyond the lessons that have been learned relating specifically to the targeted areas, there are implications for the wider promotion of innovation that need to be explored further.

Procurement support : An emerging theme within the Programme over the last few years has been the role of public procurement in stimulating innovation. This has been a significant aspect of the Lead Market Initiative that has been supported by measures taken under the CIP, including the development of procurement networks in some of the sectors targeted by the Initiative. Green public procurement has developed a presence in the interactions with public authorities under the IEE Programme, while under ICT-PSP, the PEPPOL project (Pan-European Public Procurement OnLine) is promoting connectivity and interoperability between eProcurement communities, by developing standardised electronic document formats and open standardised platform. The aim is to facilitate procurement across borders.

The ability of the relevant programmes to respond to this issue as it has acquired a higher policy profile shows an important degree of flexibility within the CIP, but the evaluation of the Lead Market Initiative remarks that for the eventual impact of the measures taken within that framework, much will depend on the wider take-up of the approaches developed by the procurement authorities across Europe. This suggests that there is an important communication task to be undertaken.

Support for other policy measures : there are a number of instances where the CIP programmes have been able to provide a significant degree of support to other policy measures. The implementation of the Lead Market Initiative was carried out using instruments available under the CIP (and other programmes, notably FP7) and there has been critical support from the IEE Programme for the definition and implementation of energy efficiency and renewable energy legislation (e.g. the Ecodesign Directive). More generally, the Enterprise Europe Network has played a significant role in promoting participation in a range of EU policies and programmes, notably FP7, ICT-PSP has contributed e-health, e-energy and e-inclusion projects to policy areas largely beyond the usual boundaries of Enterprise policy and the IEE Programme as a whole finds its place within the range of measures that constitute energy policy. Some of this support has been deliberately targeted from the start – for example, the involvement of the Enterprise Europe Network in promoting FP7 participation. Other initiatives have arisen on the way, such as the support for the Lead Market Initiative. This case illustrates a certain

Analysis & Results

3

degree of flexibility, but the question still arises of whether or not there should be more of a process of prioritisation in providing this support.

Information, communication education and training : Communication of the policy messages and the results of the activities of the CIP are an essential element of the overall effectiveness of the Programme. Good work is frequently devalued, if its achievements are not understood and taken up more widely and many of the activities undertaken under the CIP rely for a major part of their impact on take-up elsewhere at EU national and regional levels.

Communication can take the form of direct information provision in published form, conferences and other events, awareness raising activities, best practice dissemination and education and training activities. Some of these have been referred to above as significant activities in their own right, but it is also useful to see them as part of an overall process.

The Programme has a powerful instrument of dissemination in the Enterprise Europe Network, with its direct contact with enterprises and its integration into other business organisations on the ground across the European Union and beyond. However, the Final Evaluation of the EIP warned that there are constraints on the Network's ability to communicate the whole range of EU policy and programme developments and that is necessary to prioritise and make choices about the messages to be communicated.

Other elements of the Programme are essentially about communication. A large part of the IEE is concerned with promotion and dissemination projects. The Final Evaluation of the IEE pointed out that, although there is room for improvement in relation to the market replication and tender components, the programme and project level communication of the promotion and dissemination projects is regarded by stakeholders as sufficiently effective and efficient. However, the target groups of the Programme and its dissemination activities are very diverse and with a lack of objective underlying data and reference points, the evaluation concluded that it is difficult to judge whether the IEE communication and dissemination activities are effective and efficient.

The ICT-PSP evaluation also points to the implications of a dissemination strategy for the programme design. The Evaluation Panel commented that only about 25% of Pilot B projects have a good exploitation plan, and many are incomplete. It then stressed that in order to increase the chances of successful exploitation, planning needs to start in the early stages of the project. Furthermore, there is a need for projects to be grouped in fewer themes in order to develop critical mass and for a longer mobilisation effort to be developed in which pilots contribute over a number of years. The objective of effective dissemination and exploitation should therefore drive the nature and configuration of projects supported.

There would appear therefore to be a series of issues that require further consideration in relation to the communication processes used by the CIP. The EIP evaluation does point to the benefits that can be derived from better co-ordination, such as the increased focus and effectiveness of communication of developments under objectives E and F that has resulted from reference to the framework provided by the Small Business Act. However, it also points to the lack of an overall co-ordinated communication strategy for the EIP and the growing significance of this omission as there are more and more results to

Analysis & Results

3

communicate arising from successful actions undertaken. It would appear that the point made in relation to the EIP has relevance for the CIP as a whole.

The Interim Evaluation of the Competitiveness and Innovation Framework Programme commented that overall visibility of CIP is poor among national stakeholders and that Member State interviews had pointed to an overwhelming need for more systematic information and awareness raising from the European Commission, particularly on the direct actions of the CIP but also in promoting its success to the Member States. It recommended (Recommendation 8) that the Commission should develop a communication and dissemination strategy for the CIP, which reflected stakeholders' demand for simple coherent and tailored messages. Now that, with the additional experience, the picture with regard to the achievements of the CIP is even clearer, a dedicated communication strategy for the CIP targeting the main stakeholders and articulating the main lessons learned from Programme and highlighting strategically important messages, such as the need for a wider adoption of procurement for innovation practices, would be an important contribution to sustaining and disseminating the results of the Programme and enriching its legacy for successor programmes.

Monitoring and evaluation : There are issues in relation to monitoring and evaluation that go well beyond a comparison of the instruments used for this purpose and there will be further comment on the position of monitoring and evaluation below. However, the instruments used are of interest in themselves and require some comment at this point.

It has been seen that the Impact Assessment accompanying the proposal for a Decision to establish the Programme provided a list of indicators for monitoring purposes for each of the component programmes of the CIP. In a number of cases the development of these indicators was able to build on earlier work on monitoring systems developed under predecessor programmes.

There were some differences in the nature of the indicators proposed. Those proposed for the IEE programme, for instance, tended to relate to the longer term impacts of energy policy, whereas for the various elements of the EIP, there was more of a mixture between indicators of output achievement and those relating to results and longer term impacts.

The practice was also established of defining indicators in relation to each item presented in the annual Work Programmes and the Member State committees themselves made a series of contributions to the development of monitoring systems.

The process however, led to a mushrooming of indicators, so that by 2010 over 280 indicators had been recorded for the EIP alone. An evaluation of the EIP indicators in early 2010 suggested that the number should be reduced and the indicators made more stable over time rather than being continuously reformulated. It also proposed a better conformity to the SMART²² criteria in the definition of objectives and indicators and the establishment of a more balanced set of indicators (a revised set was proposed), with more reference to results and longer term impacts as well as outputs. The Internal Audit Service

²² Specific, Measurable, Achievable, Relevant and Time-bound

Analysis & Results

3

performance audit of the EIP²³ came to similar conclusions.

It should also be noted that the EIP Final evaluation remarked that the development of monitoring had not been consistent across the EIP, with indicators in the innovation area being less well structured than those for the Financial Instruments or the Enterprise Europe Network.

Studies on monitoring processes have also been conducted in relation to the other two Programmes. The ICT PSP impact observatory has reviewed the whole range of impacts from the Programme and also provided data for the evaluation. With regard to the IEE Programme, there is provision in the 2011 Work Programme for a study on indicators in projects supported by grants. This last activity represents a development in monitoring that is evident across the CIP, whenever actions involve grant-based projects. Increasingly there have been contractual requirements for projects to report on results achieved. There has been an increased emphasis by IEE on SMART indicators at the call and negotiation stages and in the project evaluation criteria and this has been reinforced by briefing sessions to new project coordinators, addressing the issue of impact indicators.

It should be acknowledged that development of these systems is not without certain problems. The majority of project beneficiaries surveyed during the IEE final evaluation found that the quantification of impacts was difficult, not least because of the relatively 'soft' nature of some of the measures, with impacts arising over time and over a relatively wide area. Nonetheless, actions such as those referred to above can be undertaken to improve the situation.

Requirements that project beneficiaries report on results and impacts are clearly an important contribution to any assessment of the overall performance of the component programmes. However, they are not the whole story. It is also necessary to ensure that other activities have comparable systems and that monitoring takes place at a programme level as well as at the level of projects.

The CIP has been the subject of numerous evaluations over the whole evaluation cycle. Not only have there been ex ante studies, interim and final evaluations of each of the component programmes and of the CIP as a whole, there have also been evaluations of the EACI, of the EIP indicators and of related areas such as the Lead Market Initiative. In addition, there have been reports by the Internal Audit Service and the Court of Auditors.

The results of these evaluations have been summarised above. At an instrumental level, where the monitoring systems have achieved a greater coherence and consistency, evaluations have been able to complement basic performance data with greater analysis of the views of stakeholders and issues of overall coherence and effectiveness, but in other cases there has continued to be a need to generate, whenever possible, information that could be supplied by monitoring systems.

Overall the major consideration in terms of the operation of monitoring and evaluation instruments, is that there is still room for improvement in the presentation of monitoring data, even where it is well established, so that it is possible to get a clear overview of developments that are taking place.

²³ Internal Audit Service 'Performance Audit of the Entrepreneurship and Innovation Programme (EIP) managed by DG ENTR and the EACI' October 2011

Analysis & Results

3

3.9 The CIP Budget

One other overarching consideration relating to the overall Programme is the allocation of the budget.

The financial envelope for the implementing the Framework Programme over the period 2007-2013, as stated in Article 3.1 of the Decision, is € 3,621,300,000.

The indicative budgetary allocations for the specific programmes was given as follows :

- (a) 60 % of the overall budget for the pursuance of the Entrepreneurship and Innovation Programme, of which approximately one fifth shall be allocated to promoting eco-innovation;
- (b) 20 % of the overall budget for the pursuance of the ICT Policy Support Programme;
- (c) 20 % of the overall budget for the pursuance of the Intelligent Energy — Europe Programme.'

This amounted to a total of €2,172,780,000 for the EIP; €724,260,000 for the ICT-PSP; and €724,260,000 for the IEE II programme for 2007-2013

The budgetary authority can, of course, change this allocation and in 2011, for instance, the European Parliament proposed to allocate additional funds to the EIP, using the flexibility allowed within the budgetary rules. The eventual allocation can therefore vary from the indicative amounts in the initial Decision. Furthermore, the Decision relates to allocations by EU Member States and the total amount allocated in any one year also includes the contributions to be made by other participating countries. These amounts are set out in the annual Work Programmes. The breakdown of the budget for the Entrepreneurship and Innovation Programme over the years 2008 to 2011 was as follows :

Table 3.5 EIP budget allocation 2007-2011 (in million Euros)

| Objective | Budget allocated | % of total |
|---|------------------|---------------|
| A- Facilitate access to finance | 813.5* | 48.6% |
| B- Create an environment favourable to SME cooperation | 325.6 | 19.5% |
| C- Promote all forms of innovation in enterprises | 122.2 | 7.3% |
| D- Support eco-innovation | 305.5 | 18.3% |
| E- Promote an entrepreneurship and innovation culture | 35.4 | 2.1% |
| F- Promote enterprise and innovation-related economic and administrative reform | 29.2 | 1.7% |
| Support measures | 42.4 | 2.5% |
| Total | 1,658.5 | 100.0% |

*includes an additional appropriations of € 15.3 million adopted by budgetary authorities in November 2011 and expenditure of € 0.6 million for organisation of the SME finance days.

As intended, the objective 'Access to finance for SMEs' made up the bulk of the budgetary allocations under EIP between 2008 and 2011. Almost 18.4% of the EIP budget has been dedicated to supporting eco-innovation directly between 2007 and 2011, but there is also expenditure on eco-innovation under

Analysis & Results

3

other headings that has been taken into account in relation to the share recommended in the Council Decision (one-fifth).

The share of the annual budget of the EIP used to finance all eco-innovation measures, including allocations under other headings - mainly Priorities A, B and C. In 2009, 2010 and 2011 was 19.3%, 19.7% and 20.6%, respectively. The allocations appear, therefore to be closely in line with the initial indications of the Decision.

Table 3.6 ICT-PSP budget allocation 2007-2011 (in million Euros)

| Objective | Budget allocated | % of total |
|--|------------------|------------|
| ICT for a low carbon economy and smart mobility (2010-2011) | 43 | 9.8% |
| Digital Libraries / <i>Digital Content (2011)</i> | 93 | 21.1% |
| ICT for health, ageing well and inclusion | 62 | 14.1% |
| ICT for Innovative government, governance & public services | 1012 | 22.9% |
| Open innovation for <i>internet-enabled services (2010-2011)</i> / <i>user experience and living labs (2009)</i> | 31 | 2.7% |
| ICT for sustainable and interoperable health services (2007) | 12 | 7% |
| Multilingual Web (2009-2010) | 30 | 6.8% |
| ICT for energy efficiency & <i>the environment (2009)</i> / <i>sustainability in urban areas (2008)</i> | 22.5 | 5.1% |
| Internet evolution and security (2008-2009) | 10 | 1.8% |
| Public sector information (2009) | 9.5 | 2.2% |
| Calls for tender and support measure implemented by grants | 28.891 | 6.6% |
| Total | 440.891 | 100 |

ICT for innovative government, Digital libraries, and e-Inclusion are the themes that have received a substantial amount of funding under ICT-PSP between 2007 and 2011. This reveals the extent to which the programme concentrates on improving public sector services in the domain of ICT.

Analysis & Results

3

Table 3.7 IEE II budget allocation 2007-2011 (in million Euros)

| Action | Calls for proposals | Calls for tenders | Other mechanisms | Budget allocated | % of total |
|--|---------------------|-------------------|------------------|------------------|------------|
| SAVE – Energy efficiency and rational use of resources | 63.74 | 15.95 | 10.01 | 89.7 | 21.4% |
| ALTENER – New and renewable energy resources | 84.04 | 11.33 | 7.12 | 102.5 | 24.5% |
| STEER – Energy in transport | 54.5 | 5.6 | | 60.1 | 14.4% |
| Integrated Initiatives | 79.5 | 21.65 | 5.15 | 106.3 | 25.4% |
| Market replication – ELENA (2009 & 2010) | | | | 60 | 14.3% |
| Total | 271.78 | 54.53 | 22.28 | 418.6 | 100 |

Market replication represented 14.3% of the total budget allocated to the IEE II between 2007 and 2011, while projects under SAVE and ALTENER have received most funds. This can be explained by the range of objectives addressed by the IEE II programme under the SAVE (energy efficiency) and ALTENER (renewable energy sources) actions. A progressively increasing budget share is being allocated to market replication projects (ELENA) over the period 2009 until 2013.

Comparison of the allocations for the three strands of the CIP budget shows the following :

Table 3.8 Share of CIP budget allocations by component programme 2007-2011 (in million Euros)

| Year | Total CIP budget | EIP budget | % of total CIP budget | ICT-PSP budget | % of total CIP budget | IEE II budget | % of total CIP budget |
|----------------|------------------|-----------------|-----------------------|----------------|-----------------------|---------------|-----------------------|
| 2007 | 394.38 | 269.07 | 68.2% | 66.42 | 16.9% | 58.89 | 14.9% |
| 2008 | 424.62 | 317.48 | 74.7% | 44.49 | 10.5% | 62.92 | 14.8% |
| 2009 | 544.87 | 348.65 | 64% | 107.48 | 19.7% | 88.74 | 16.3% |
| 2010 | 557.29 | 346.73 | 62.4% | 107 | 19.1% | 103.56 | 18.5% |
| 2011 | 593.00 | 373.00 | 63% | 115.5 | 19.4% | 104.5 | 17.6% |
| 2007-11 | 2514.42 | 1,654.93 | 65.8% | 440.89 | 17.5% | 418.6 | 16.7% |

Analysis & Results

3

Between 2007 and 2011, the annual budgets allocated to the three component programmes of the CIP were generally in line with the initially proposed allocations in the Council Decision. The budgetary authority has, however, decided to depart from this allocation to a small extent. Of course, the final allocations will also depend on decisions relating to 2012 and 2013.

Around 70% of the total amount made available for the implementation of the 2007-2013 CIP has been allocated between 2007 and 2011 (cf. Article 3.1 of Council Decision).

The draft budget for 2012 is as follows :

Table 3.9 CIP Draft Budget 2012 (million Euros)²⁴

| CIP specific programmes | Draft budget |
|-------------------------|--------------|
| EIP | 335.2 |
| ICT-PSP | 134.3 |
| IEE II | 129.9 |
| Total | 599.4 |

The budgets for the ICT-PSP and IEE II programmes for 2012 are considerably higher than in previous years. Typically there are smaller budgets for EU programmes at the beginning of the programming period with total budgets gradually increasing later on.

Table 3.10 Percentage of annual budget committed

| | 2007 | 2008 | 2009 | 2010 |
|---------|-------|-------|-------|--------|
| EIP | 99.2% | 99.2% | 99.0% | 98.9% |
| ICT-PSP | 99.0% | 99.8% | 99.9% | 100.0% |
| IEE II | 96.5% | 96.0% | 99.6% | 99.8% |

According to the implementation reports published between 2007 and 2010, the budgets committed under the three programmes represented approximately 99% of the budgets allocated. This indicates that the projects selected under the three programmes have in most cases successfully covered all of their objectives.

3.10 The Promotion of Best Practice

A brief consideration has been given in section 3.8 to the identification and dissemination of best practice as one of the instruments for the pursuit of a range of CIP policy objectives. This section pointed to particular instruments that are used under the CIP to help ensure that good practice, once identified,

²⁴ Statement of estimates of the Commission for 2012 (Preparation of the 2012 Draft Budget) SEC(2011) 498

Analysis & Results

3

is in fact taken up by other players in the relevant area. However, it has been seen that many aspects of the CIP involve, in one way or another, the identification and dissemination of best practice, whether that be in the form of the wider adoption of available superior technology, improvements in administrative procedures or better practice in business and innovation support. There is therefore a wider question of how widely the instruments referred to are used and how, given their importance within the CIP, best practice processes are followed up through to real improvements in performance and a related question of whether or not the processes have developed and learned from each other.

There are first a few questions of definition. We might distinguish initially between 'good practice', which is a process or procedure that appears after proper consideration to lead to improved performance and 'best practice' which justifies its implicit claim by further objective proof that the practice in question outperforms other practices. There is also a distinction between 'best practice' which involves an explanation of how a particular process and procedure leads to improved performance (and this might or might not be accompanied by reference to particular applications) and 'best practices' which tend to refer to a set of particular examples of practice that illustrate useful characteristics, but which often only refer to elements of 'good practice' as just defined.

It is unfortunate that the terminology is not clearer, since it describes different stages in a process of policy analysis that is quite important for effective policy development. In the first stage, cases are identified that appear to have interesting results. Next, these cases are analysed to determine and explain the characteristics that deliver a good performance. The practices then need to be compared with others, both to see if they can be applied when circumstances differ and also to justify the claim to be 'best practice', by examining evidence of performance in relation to the results achieved by alternatives. Note that all three stages can be important. The inspirational effects on project participants of discovering interesting cases that they had not previously been aware of, is an motivational factor that should not be ignored. But clearly, it is also important to understand why particular practices perform well and whether they could be generalised.

Variations around these themes also exist. Generally, an examination of practice, of its nature, looks at what is already in place and the circumstances that have given rise to it. However, it is also possible to anticipate developing practice and to try to influence this development in a positive way. Similarly, analysis of situations where there is no recognisable good practice can serve as the basis for starting to improve performance and to promote better practice.

There is then the question of how the wider take-up of 'better' or 'best practice' can be promoted and how progress in this respect can be assured. In some circumstances 'best practice' might be highly context specific and not easily replicable. There are also significant issues in relation to who is identifying the good and best practice and from which perspective it is being defined. Clearly the development of a consensus on these issues is important and the Commission is often well-placed to promote developments of this kind. However, these issues and the key question of determining whether or not progress is being made illustrate very clearly the intimate relationship between best practice processes and the mechanisms for monitoring and evaluation. In fact to be effective there has to be clear progress throughout the different stages of best practice identification and on into the dissemination and replication stage. And to ensure that this progress takes place it needs to be monitored and there needs to be a response to cases where it has stalled.

Analysis & Results

3

Within the CIP, there are instances of best practice clearly being identified and its up-take effectively promoted. The section on the best practice instruments above refers to particular cases. However, except in instances such as the improvement in the time and costs of starting a business, it is generally difficult to judge the extent to which progress is being made. And, especially in view of the central importance of best practice promotion within the Programme, it is possible to see that a number of improvements in the current management of these processes could be introduced :

- First, there might be more attention paid to highlighting and developing best practice methodology, especially by drawing on the wide range of experience across the Programme and identifying the characteristics of the more successful instances for wider adoption.
- Secondly, as suggested by the ICT-PSP evaluation panel in relation to Thematic Networks, the objective of facilitating future take-up should influence the structuring, shaping and selection of early stage actions, possibly including their grouping together in order to achieve a more consistent impact.
- Thirdly, recognising that local uptake of 'better' or 'best practice' does not depend solely on more 'dissemination efforts' but also on the 'replicability of the practice', attention should be given to 'learning support' to ensure that local capacities are sufficient to enable the identified practices to be implemented in local conditions. Systems for monitoring progress with best practice implementation need to be developed, including greater provision within projects for assessing and reporting on results of this aspect of their activities. The terms of reference for future evaluations could also draw attention to this aspect of effectiveness.
- To support evaluation of progress with best practice implementation, a better characterisation of the baseline will be necessary – a particular application of the better characterisation of the baseline called for by the Internal Audit Service report.
- There is reference in the CIP Decision (articles 24 & 33) to the benchmarking of national and regional performances as well as work on good practices. Use of this instrument has led to some significant developments – directly in the case of Business start-up procedures, but also on a broader basis through the SME performance reviews and the Europe Innovation Scoreboard. However, these examples are still relatively restricted and might be usefully extended as a means of spreading best practice.

3.11 Monitoring and Evaluation

Article 8 of the CIP Decision says :

‘The Commission shall regularly monitor the implementation of the Framework Programme and its specific programmes. It shall also examine synergies within the Framework Programme and with other complementary Community programmes and, where possible, synergies with national programmes co-funded by the Union’.

Analysis & Results

3

It goes on to say :

‘The annual work programmes shall define a set of measurable objectives for each specific action and develop appropriate evaluation criteria and a set of quantitative and qualitative indicators to measure effectiveness in delivering outcomes that will contribute to the achievement of the objectives of the Framework Programme as a whole and the objectives of the relevant specific programme.’

The operation of the instruments used for monitoring and evaluation has been reviewed in section 3.8 above and there is clearly scope for building on the developments in the monitoring mechanisms and in their contribution to the broader evaluation process that have taken place within the current Programme. It is important that there should be a general understanding that assessment of a programme’s performance cannot await final evaluations, but needs monitoring while it is in operation. It is also necessary to have clearer frameworks for presenting monitoring data, so that an overview can be achieved and developments made apparent to all concerned by them. The current reporting on monitoring results is simply too fragmented.

However, as well as on-going improvements in the instrumental side of monitoring and evaluation, the interim and final evaluations of the component programmes have also raised other issues that have broader implications for programme design and for the structuring of evaluation processes.

First of all, all the evaluations mention that, given the timing of the evaluations, only preliminary conclusions are possible in relation to impacts and even in relation to some of the results of the programmes. In response to this situation, the EIP Final evaluation recommended that a further evaluation of the main outcomes of the current Programme be conducted two or three years after the end of the Programme or be part of an evaluation of a successor programme. This is clearly an issue that goes beyond for the CIP and the requirements for monitoring and evaluation established in the Decision, since it reflects the way that evaluations are generally conducted at an EU level and in particular the need to complete final evaluations prior to decisions being taken on successor programmes.

On a more specific point relating to the development of evidenced-based policy, the IEE Final Evaluation refers to a ‘policy disentangling problem’ that arises because of the close relationship that the IEE has to other energy policy programmes. This made it very difficult to measure the impact of the IEE on the energy sustainability objectives on the basis of the existing monitoring indicators and similar problems arose with respect to quantifying the Programme’s impact on innovation and competitiveness. This led the evaluation report to conclude (Finding 41) that ‘it is difficult to identify specific, measurable and time-bound objectives and expected impacts for IEE within the overall EU energy framework’. More operational and quantitative targets are needed from which a link can be established between programme performance and progress towards the overall policy objectives.

The ICT-PSP evaluation panel drew attention to problems at a more detailed level in the design of project monitoring. With reference to Pilot B projects, they observed that while most projects reviewed had met their milestones, few of them were on track to achieve access to target markets, exploitation plans etc and some had not even made provision for such plans. The panel saw this as a misalignment of planned milestones in the original project design with the more critical project review criteria used by

Analysis & Results

3

expert reviewers. They concluded that the project review system should be strengthened to focus more explicitly on project effectiveness, outputs and sustainability. A core project review template specific to the ICT-PSP should be further developed (for instance to include common objective scoring measures) and used consistently across all project areas to provide a better overview of progress of the whole programme.

The points raised in the two evaluations refer in a sense to the two extremes at which there is room for developing programme design with a view to making it more evidence-based – the formulation of the overall objectives and the detailed design of the framework for projects. The EIP Final Evaluation also underlined the diversity of the activities undertaken in that Programme and in view of the comments made above on the relationship between best practice analysis and monitoring activity, it should be said that in addition to the macro and the micro level, there is a middle level, in which there might be provision made for more effective monitoring and analysis of certain types of activity, starting with best practice analysis, but perhaps also extending to other cross-cutting areas, such as communication processes and possibly financial instruments. The aim would be to look across the experience gained with the instruments in question, in order to identify common themes, especially what appears to work best, with a view to transferring lessons and creating greater value out of existing achievement.

Overall, however, it appears that there is a case for further strengthening the monitoring and evaluation framework, not only by continuing to improve the instruments deployed in the many specific areas covered by the Programme, but also at a generic, cross cutting level, where common features are apparent that apply to various different areas. This will be assisted by further monitoring developments at action and programme level, as well as at project level, where efforts are currently focused, for activities that are based on calls for proposals.

This process will primarily need to apply to the design of successor programmes to the CIP, although not exclusively, but the conclusions of the Internal Audit Service in its recent report are of particular relevance for the former case. The development of a stable set of monitoring indicators, permitting comparability and consistency in performance measurement and increased emphasis on longer-term outcomes rather than operational management in the choice of indicators are particularly relevant.

Conclusions & Recommendations

4

4.1 Introduction to Conclusions

The previous chapters of this report have ranged over a large number of issues that have been raised in the Final Evaluations of the component programmes of the CIP. Nonetheless there have been a number of findings reported that appear to be consistent across the component programmes and within them. This chapter aims to bring these findings together, to highlight common features and specifically to answer directly the evaluation questions posed at the beginning of the exercise. The conclusions will be considered under each of the headline evaluation criteria, before provisional recommendations are formulated.

4.2 The Relevance and Coherence of the CIP

It has been seen that the specification of the objectives of the Competitiveness and Innovation Framework Programme was shaped by reference to the role that the Programme was intended to take in implementing the revised Lisbon Strategy, with its emphasis on growth based on competitiveness and innovation the advancement of the knowledge society and sustainable development. The logic of addressing a diverse set of aims within this overall conception led to three separate sub-programmes within the framework provided by the CIP, broadly pursuing competitiveness and innovation through the Entrepreneurship and Innovation Programme, the advancement of the knowledge society, and in particular the information society, through the ICT Policy Support Programme and sustainable development through energy efficiency and the development of renewable energy sources through the Intelligent Energy Europe II Programme.

Specific objectives were then defined for each of these component programmes, based on an analysis of the problems faced in each area. These had implications for the instruments used. Under the EIP, for instance, the problems faced by SMEs in accessing finance and being able to get appropriate assistance and advice, when trading across the EU and beyond or when seeking funding for research and development led to the specification of the EIP's first two objectives and the development of the Financial Instruments and the Enterprise Europe Network respectively. The separate approach to addressing different aims and the subsequent development of particular instruments did not, however, mean that the separate programmes went their own way entirely. There were a number of cross-references and mutual support mechanisms developed, for instance in the support provided for eco-innovation under the EIP. Above all, there have been a number of important common factors across all the programmes, notably the common theme of support for 'innovation', where this is understood to mean the processes whereby ideas and research are realised in actual products and services in the market. In fact it could be said that the CIP as a whole has become a major vehicle for promoting innovation, particularly as this is now best conceived, namely as a relatively open process that it goes beyond the simple focus on technological development that characterised earlier conceptions towards the more balanced perspective that encompasses developments in the service sector as much as in manufacturing and relates to processes and business models as much as products. This in turn is a major contribution to the competitiveness of the European economy.

At this level then, though complex, the definition of objectives for the CIP followed a clear logic, while managing to capture a rich conception of the interrelated factors. Inevitably there were choices made, such as the focus on the information society as the main knowledge sector to target and on energy

Conclusions & Recommendations

4

efficiency and renewable energy sources as the main issues in relation to sustainability. In the former case, this is held to have been justified on the basis of the special contribution of ICTs to research and productivity. The latter choice may be more open to challenge, though, of course, eco-innovation in a broader sense was promoted elsewhere in the Programme.

In terms of overall policy design, therefore, the definition of the CIP's objectives is seen to be coherent and to relate directly to the needs, problems and issues they were intended to address. Furthermore, the general perception on the targeting of policy areas is that there has been a concentration on areas where EU action can make a difference and this represents an important improvement on earlier programmes. In addition, it is concluded that, given the distinct objectives of the three component programmes and their particular target groups, the decision not to attempt a full integration of all the elements was the appropriate one. This has enabled particular actions to have a high degree of focus.

However, a more qualified approval is given by the various evaluations to the processes that have operationalised the overall conception. The extent to which the objectives conform to the full range of SMART (Specific, Measurable, Achievable, Relevant and Time-bound) criteria is called into question, especially in relation, in most instances, to how far they are time-bound. There are also important issues considered below of the management of the various measures and particularly how far a focus has been maintained on results rather than outputs and how successfully progress has been monitored. Some of this might be attributed to poor or unbalanced initial programme specification. It is not clear, for instance, why the CIP Decision has such detailed provisions relating to the results expected from the EIP Financial Instruments (even taking into account the relative importance of this item in the overall budget), but rather less when it came to other areas.

There have also been questions raised about the extent to which synergies have been achieved across the programmes. There was always a danger that having three separate component programmes would make it more difficult to achieve overall co-ordination and synergies but the current evaluation has also identified specific issues relating to the efficiency of the governance of the Programme and associated matters and will recommend mechanisms intended to strengthen governance processes with a view to a more active search for synergy potential and development of the means to exploit these opportunities..

One final point, however, on the overall conception of the Programme is that it has been able to demonstrate an important degree of flexibility in responding to emerging issues. The annexed case study on small scale measures considers the value of these activities and concludes that they can be important in allowing the Programme to respond to new issues. One such example has been the response to the increasing profile of the management and protection of Intellectual Property Rights in the form of the IPR Enforcement Expert Group and the IPEuropAware and IPorta projects.

4.3 The Effectiveness of the CIP

The early establishing of the results expected from the EIP's Financial Instruments and the Enterprise Europe Network made it relatively straightforward in principle to assess how these important components of the Programme have progressed. In practice, the nature of the instruments and the timing of the 'Final' Evaluations made it more difficult to judge, but it was nonetheless possible to conclude that both these measures appear to be on track to achieve the targets set. Furthermore, after a certain amount of disruption and delay at the beginning of the Programme's operation, these

Conclusions & Recommendations

4

instruments seem to be acquiring a certain momentum that may lead them to exceed expectations, especially if they can exploit synergies more effectively. Similar conclusions were reached with regard to the innovation measures and eco-innovation in particular, which is significantly over-subscribed in the response to its calls for proposals.

Moreover, some of the particular small budget items are far from negligible in their effects. Although not really representative of all these measures, the Action programme for reducing administrative burdens and its follow-on measures have been very effective in identifying regulatory simplifications and following these through into real changes in regulatory requirements. They are estimated to be delivering savings for enterprises valued at over € 40 billion.

Other effects cannot be quantified so directly, but nonetheless may be significant. The body of work on support for innovation (especially Europe INNOVA and PRO INNO Europe) now represents a substantial corpus of knowledge with major potential for informing other areas of policy with access to more substantial funding, such as the Structural Funds. Similarly, the 'soft' outcomes of much of the IEE II Programme make it difficult to assess, but the Final Evaluation concluded that 'the programme is relevant and useful' and that 'overall the actions supported by the programme are of good quality'. Again the results are feeding into other policy areas and, in particular, the Structural Funds.

The Final EIP evaluation reported survey evidence in several instances of direct improvements in the competitiveness of SMEs, through the provision of financial and other support for innovation within enterprises and improvements of long term growth prospects. This support came from the Financial Instruments, the Enterprise Europe Network and measures like the eco-innovation scheme. Other parts of the Programme too are improving their engagement with SMEs, even when they do not have this as an explicit objective. The IEE II Evaluation, for instance, analysed the participation of SMEs in the Programme and concluded that the number and proportion of SMEs both applying and participating has increased over time.

It is significant that the feedback from the "Ready to Grow?" conference on 25 January 2011, in which stakeholders reviewed the operation of the CIP, was largely to leave well alone. The Programme was thought to be performing well and changing it would have its own risks.

The evidence from the Final Evaluations and other sources, confirms that the Competitiveness and Innovation Framework Programme as a whole, and its specific programmes individually are all performing well, in line with expectations at the launch of the programme. They may therefore be judged to be achieving their objectives. This is a significant achievement. There is, however, certainly scope for improving the results of the Programme and the impacts that it will have over the longer term. This can be achieved at various levels. Given its nature as an operational policy instrument, many improvements will come at an operational level, with positive developments in the processes and procedures adopted by the different measures. There is, for instance, a general tendency already observable for grant-based programmes to orientate projects towards specific results and to put greater stress on the identifying and reporting on achievements. This process is now leading to greater attention to identifiable project outcomes at the selection stage and this could be taken further. The ICT-PSP panel, for instance, called for selection processes to be tightened and project reviews to be

Conclusions & Recommendations

4

strengthened and made more systematic. Sustainability criteria in particular need to be built more explicitly into selection and evaluation processes.

This process could be assisted by continuing to strengthen the monitoring framework. Evaluations and related activities have stressed the need for better monitoring and especially a greater focus on results and outcomes as opposed to outputs. This has been a consistent theme from the initial Impact Assessment and the Interim CIP Evaluation to the latest Final Evaluations and the Internal Audit Service report. There certainly has been progress in this area, especially under the EIP, but the development of a comprehensive monitoring system is by no means complete and needs further attention. In the meanwhile this undoubtedly affects the relative effectiveness of differing measures.

In some instances, better monitoring requires a more explicit definition of the results expected of CIP programmes. The IEE II programme has stated objectives that are common to energy policy in general, such as investment made in sustainable energy and reduction of greenhouse gas emissions, but little in terms of more immediate objectives. The IEE II Final Evaluation reported that this gave rise to an attribution problem in assessing results and impacts. However, the IEE's deep entwining with other elements of energy policy also points to another source of improvement in the effectiveness of the measures undertaken under the CIP. The structuring of the Programme reinforces a tendency to focus on the immediate objectives of separate measures, but especially as the results of these measures accumulate and the procedures for delivering them become more routine, there is a growing scope for greater synergy, both across the Programme and with other EU policies motivated by the same overall objectives, especially when these are ultimately determined by a common policy framework in the form of the revised Lisbon Strategy at the origin of the Programme and more recently, the vision for Europe 2020. These considerations have a lot to do with the governance structure for the Programme, which is a central issue for the next section.

By way of summary, however, on the effectiveness of the CIP, the conclusion of the current evaluation, supported in particular by the conclusions of the recent Final Evaluations of the component programmes, is that the Framework Programme is achieving its objectives, notably as a result of a greater concentration as compared to previous programmes on areas where a distinctive contribution can be made, and, as a result it appears that the Programme will achieve the main impacts anticipated from it. But, there is scope for even greater achievements, mainly through greater efficiencies in the way that the Programme operates.

4.4 The Efficiency of the CIP

Annex I of the CIP Decision gave an 'indicative budgetary allocation' for the specific programmes of 60 % of the overall budget for the Entrepreneurship and Innovation Programme and 20 % each for the other two Programmes. Approximately one half of the EIP budget was to be allocated to the Financial Instruments and one fifth to promoting eco-innovation.

The latest indications of budgetary attribution by Member States and other participating countries over the period 2007-2011 set out in section 3.9 show that 65.7% of the budget has been allocated to the EIP, 17.5% to ICT-PSP and 16.9% to IEE II. This, of course may change over the final two years of the Programme and the ICT-PSP in particular has been increasing its 'share' in recent years. The funds allocated to the 'facilitate access to finance' objective under the EIP accounted for 52% of total

Conclusions & Recommendations

4

expenditure for that Programme over the same 2007-2011 period. Around 20% of the EIP has been dedicated to eco-innovation.

In terms of the operation of management processes, the Final Evaluations of the component programmes report overall satisfaction with the routine conduct of programme management meetings, with some reservations about the structuring of documents and their timely delivery.

Within the programmes, responsibility for the operational management of substantial parts has been devolved to the Executive Agency for Competitiveness and Innovation. The Evaluation of EACI confirmed that this has led to a more efficient management of these aspects, both in relation to costs to the Commission and to the efficiency of the services provided, as measured in terms of the number of contracts signed, the period to contract and payment delays. It should nonetheless be recalled that while the process of accessing support under the CIP is easier than in some comparable programmes, stakeholders still echo a general perception that EU programmes are difficult for participants to access and manage. It is relevant that first time applicants appear to be disadvantaged; no overall figure is available, but their success rate for the ICT-PSP has been estimated by officials involved to be around 10%.

Further efficiencies in contract management could be envisaged, both as a result of developing a closer relationship with monitoring processes and, in some cases, a better identification of target groups and relevant audiences through more accurate determination of the types of organisation involved.

As has already been indicated, there have been improvements in monitoring systems, but there is still some way to go within all of the Programmes and also some scope for the ICT-PSP and the IEE II programmes to learn from developments within the EIP, where a systematic evaluation of the indicator system has been undertaken and where the medium term indicators in particular have been developed. Generally, across the board, better monitoring of results and impacts is required.

Consideration of efficiency issues by the Final Evaluations revealed other problems at different levels. For IEE II the design of the Programme was such that, with the exception of market replication projects, it is difficult to determine where a distinctive contribution from the Programme can be identified. This example had implications for the definition of objectives, the determination of anticipated impacts, the formulation of indicators and the establishment of a baseline. For the ICT-PSP improvements in project selection and structuring could lead to a better assessment of results.

Consideration of the role of best practice analysis underlined its significance within the CIP and suggested that, after many years of experience in various parts of the Programme and its predecessors, the methodology of best practice identification could usefully be reviewed and systematised. A parallel but possibly separate exercise should then look at mechanisms for effectively promoting the take-up of best practice. Otherwise best practice identification is in danger of being largely an academic pursuit, generating light but not much real change. The critical stage is in tying the take-up of best practice to transparent and effective processes that bring about its actual implementation. Making an improvement in performance across a wide area the ultimate arbiter of the effectiveness of best practice actions would validate their use as a policy instrument and align them with other instruments in terms of their assessment. It will require a direct link with monitoring processes and could give rise to specific indicators.

Conclusions & Recommendations

4

Similar approaches could be adopted for other cross-cutting areas such as communication processes and possibly Financial Instruments. Again the objective should be to identify successful approaches, analyse the reasons for the success and attempt to implement the lessons learned elsewhere, with appropriate links to monitoring systems.

Finally, it should be said, in relation to monitoring processes, that developments in their use should all be achieved without a wild proliferation of reported indicators. A change of emphasis is required with more attention to indicators of results and impacts, at least as far as the open presentation of monitoring data is concerned. This would leave data on outputs to be reserved more for internal management purposes.

Reference to cross-cutting issues also raises another matter that affects the overall efficiency with which the Programme is managed. One of the conclusions of the Interim Evaluation of the CIP was that 'the current governance structure of CIP is not working effectively in terms of providing a strategic steer to the programme'. A conclusion of the current evaluation is that this continues to be the case. As the consideration of governance structures above indicates, this is predominantly because the structure of the Programme focuses attention on the component programmes and within these, the particular activities, such as promoting SME access to finance or providing business support services. There are relatively weak mechanisms for aggregating the individual experience of specific activities and for promoting synergies. Lessons learned in one area are not easily transferred to others either within the CIP or in other EU programmes, since such transfers are primarily dependent on the initiative of officials working at an operational level, with little support from the Programme structures. There is no allocated responsibility, for instance, for identifying and promoting synergies. This is a significant weakness in a programme that, again in the words of the Interim CIP Evaluation 'seeks to achieve its ambitious and broadly defined objectives by leveraging its ideas, products and partnerships into other policies and programmes'.

The basic problem seems to be that, although there are procedures for co-ordination between the various services of the Commission that are involved and also for discussing work programmes with the Member States and other participating countries, these procedures are almost exclusively concerned with planning and budgetary matters. These formalities are undoubtedly important. There have to be mechanisms for commenting on work programmes and budgets and for receiving formal reports, but these do not often afford the opportunity to consider the real results of related actions within Enterprise policy and very rarely at all the links between results being achieved in different parts of the Programme.

It would appear, therefore, that there is no forum for discussing the implications of issues arising across the Programme – the growing knowledge of, and experience with, measures to promote innovation, for instance or developments in the methodology of best practice identification and dissemination. Similarly, there are few mechanisms for systematically identifying potential for synergies or for tracking the results of any attempt to exploit them. This is unfortunate since at this stage of the Programme's implementation the accumulated achievements of earlier years now provide a substantial base for analysis of this kind and this is likely to be the greatest source of extra value in the Programme.

Conclusions & Recommendations

4

This governance issue applies within the Programme, but it is also serious in relation to other EU policy areas, where better co-ordination could soon see results. Some of the objectives of the CIP are expressed in rather ambitious terms, far more ambitious than the budget will really support. Furthermore, it is in the nature of many of the actions under the CIP to trigger and promote further action with policy instruments outside of the Programme. It has been seen, for instance, that the IEE itself has limited means to play its part in the overall pursuit of the EU's energy objectives, but that it has a significant role in triggering other actions at a national or local level. The potential for increasing impact through further co-ordination with those parts of the Structural Funds that have similar energy objectives is an area that needs more systematic consideration. The problem seems to be caused partially by the structure of the CIP in that it encourages concentration on the operational level and on actions within programmes. It is also because there are no effective mechanisms for establishing a cross Programme perspective or for engaging in an active process of 'knowledge management', in which further value is derived by consolidating and analysing experience in the various parts of the Programme with a view to the application of the lessons learned in other areas that can benefit from it.

A further increase in the effectiveness of a number of CIP instruments could be achieved if more budget were available, but even with a budget at around current levels, the main source of further increases in efficiency and a greater overall impact is in procedures to identify, articulate, manage and monitor the synergies that are available from across the Programme.

It has been possible during the course of the current evaluation to see many indications from across the component programmes of where synergies could be created. However, these indications have arisen in an ad hoc way and there has not been any systematic attempt to identify them and assess their potential. To fully exploit the potential of synergies, it will be necessary to undertake a systematic examination of this kind and to determine priorities in following them up. However, from the indications that have been encountered, it is apparent that the opportunities are likely to be found at different levels. They include the following:

- **Core synergies:** at the most general level, there is scope to articulate new positions on some of the central themes of the Framework Programme drawing on experience from across the component programmes. In relation to the key theme of the promotion of innovation, for instance, concepts and strategies that have been developed under Europe INNOVA and PRO INNO Europe could be cross-fertilised with those derived from the experience of other elements of the Framework Programme, such as eco-innovation, IEE II and ICT-PSP.
- **Methodological synergies:** methodologies have been developed across the CIP for application in particular areas. Most notably, these include methodologies for best practice identification and dissemination and for monitoring performance, but also include a range of other instances, including particular tools and instruments. A systematisation of these methodologies and an application of the lessons learned in other areas of the Framework Programme could lead to an enhanced performance across the board.
- **Operational synergies:** at the most detailed level, in particular actions and projects, lessons are being learned every day that might have useful applications elsewhere. This might include aspects of project design and management, for instance. Mechanisms for identifying priorities in areas

Conclusions & Recommendations

4

where improvements are sought and for facilitating the exchange of information on them, perhaps making use of modern communication tools, could help bring low level but cumulatively significant improvements in operational practice.

4.5 Information and Awareness

The interim Evaluation of the CIP recommended that a communication and dissemination strategy should be developed specifically for the CIP. The EIP Final evaluation reported that even at the level of that component programme there was not an overarching communication strategy, but rather that communication was taking place at the level of particular actions.

Yet it was remarked in section 3.8 that communication of the policy messages and the results of the activities of the CIP are an essential element of the overall effectiveness of the Programme, particularly in view of the nature of the CIP as a programme that for a major impact frequently relies on actions being taken up more widely. It is also the case that many of the potential synergies to be gained by working with other activities both within the Programme and outside of it rely on a clear articulation of what has been achieved and what is necessary in order to build on this achievement. Communication is thus closely linked to generating greater synergies.

The programme has several important instruments of communication, including the Enterprise Europe Network, various web sites, such as the Europe INNOVA site that brings together the results of all the actions undertaken under that initiative and the promotion and dissemination actions, especially of IEE. Furthermore programmes have been able to engage new audiences. The ICT-PSP, for instance, has successfully attracted organisations from beyond the usual constituency of the EU ICT programmes, especially the public organisations that are crucial to the success of such a programme.

The Final Evaluation of the EIP did warn that it was necessary to prioritise the dissemination activities of the Enterprise Europe Network, but again, there would appear to be significant scope for better overall co-ordination and the addressing of some surprising gaps. The IEE and the ICT-PSP, for instance, rely more on their National Contact Points than on the Enterprise Europe Network and while there are already some links, mediated for instance through the EACI, which has responsibilities in both areas, there may be scope for formalising the co-ordination, for example by establishing the sort of agreement that exists between the Network and the NCPs for the RTD Framework Programme..

Overall, it has to be concluded that the CIP as such does not have a clear profile and that some of its major achievements are only being communicated, if at all, at the level of individual actions or at most the component programmes. Currently there are not the mechanisms to provide the necessary communication support efforts to exploit the CIP's broad experience base and generate synergies between the results of individual actions.

4.6 The Utility, Sustainability and European Value-added of the CIP

The current economic and financial crisis has only underlined the significance of many of the issues that the Competitiveness and Innovation Framework Programme was designed to address, while the urgency of measures to meet the 2020 climate targets continues to increase. The utility of the CIP, then, is higher

Conclusions & Recommendations

4

than ever, especially since, notwithstanding the scope for further improvements, the effectiveness of the instruments used has increased over time.

Part of this increased effectiveness has resulted from a greater concentration on areas where action at an EU level is more effective than action by the Member States. However, this is not a fixed boundary and the demonstration of the feasibility, for instance of new funding instruments, at a European level may lead to new possibilities opening up at a national or regional level. It is necessary therefore to keep the European value-added of actions under review.

This consideration applies particularly to the EIP Financial Instruments, where it is necessary to guard against market mechanisms being undermined. The EIP Final Evaluation and further investigations for the current evaluation have confirmed the European value-added of venture capital (GIF) funds, but there appear to be differing views about loans guarantees (SMEG), where similar national support systems can exist. The Court of Auditors also recently calculated a deadweight loss of 38 %, with such loans, although the Commission is of the view that the basis used for calculating this figure is not appropriate. There is scope for such facilities to move on to areas that are not well covered by the market. European value-added is evident in the development of facilities that are at the cutting-edge of provision for SMEs. Once these provisions are adopted more widely, the Financial Instruments should move on, for instance to coverage for riskier enterprises engaged in innovative activities. In any event, the principle that such instruments should remain at the cutting-edge of funding innovation should be maintained.

Complementarity with other EU or Member State actions is a difficult area to judge. The programme design ensured that in certain areas this had improved under the current Programme, but equally there was also feedback reported that suggested that at a more operational level, opportunities for further complementarities were not being pursued. The interaction with regional and local interventions through the Structural Funds, in particular, is an area where there is considerable scope for further detailed work.

In terms of the sustainability of actions under the CIP, a major consideration is the nature of the follow-on programmes to the CIP. The features of these programmes have still to be determined in detail and are subject to a political decision-making process. However, the CIP now has a considerable amount of social capital in areas ranging from expertise in the promotion of innovation and on funding for SMEs to the efficient networking arrangements of the Enterprise Europe Network. Care should be taken to preserve this capital in successor programmes, as far as possible, and to avoid the sort of disruption that was evident at the start of the current Programme.

At the same time, particular consideration should be given to the budgetary support for the different elements of the Programme to ensure that objectives and means are aligned and that actions will be sustainable. There have been references to the question of whether or not the IEE II programme can be reasonably expected to achieve its stated objectives with the means currently available and the ex ante evaluation of a follow-on programme indicated that a budget increase of € 20-40 million more per annum would be cost-effective. Similarly, with the ICT-PSP, there was the question of the viability of thematic networks once the funding period is over. Exit strategies become crucial and alternative funding sources need to be directly addressed. In certain cases, Public-Private Partnerships may ensure

Conclusions & Recommendations

4

continuity and further dissemination. In others, strengthening links with programmes such as the structural Funds could provide the means lacking under the CIP itself.

4.7 Recommendations

The recommendations of this evaluation are intended to build on, rather than repeat, those provided in greater detail in the Final Evaluations of the component programmes of the CIP. They relate primarily to developments that can still take place over the remaining period of the current Programme. At the same time, however, if these developments are successfully carried through they could make an important contribution to the effective implementation of successor programmes.

The recommendations start from the point that, although there can continue to be operational improvements, such as those that are detailed in the other evaluations, in general, the current CIP is performing well across the range of its activities. This is the general conclusion from the Final Evaluations of the component programmes and also from the CIP stakeholders brought together in the "Ready to Grow?" conference on 25 January 2011.

The main challenge for the Programme is to build on this achievement in terms of articulating more clearly the messages to be derived from its varied experience and of generating more extensive synergies between its varied activities. In particular, there is an opportunity to seek additional value from the considerable assets that have been developed within the Competitiveness and Innovation Framework Programme in terms of the understanding and know-how relating to the Programme's core policy areas and, especially in relation to the promotion of innovation, in the sense of a process of carrying over ideas and research into new products, structures and processes in the market. In short, the latest lessons in how to promote innovation in practice have to be set out clearly.

It is important to appreciate that this call for synergies is more than the usual exhortatory device, common to evaluations of broadly-based programmes. The initial CIP Decision anticipated significant synergies from interactions, both within the Programme and externally, and the current evaluation has concluded that with the accumulated experience at this stage of the Programme's cycle, there are major opportunities for further improvements in the overall performance of the Programme over its remaining period. This will then provide a valuable legacy for the promotion of competitiveness and innovation within successor programmes.

To achieve this substantial additional value from current operational practice, a series of interrelated developments should be considered:

1. The governance of the CIP should be improved so that substantive issues of policy and practice from across the Programme can be better considered and managed. The following steps should be considered, to develop the governance structure :
 - i) Greater attention should be paid to the results of actions (as opposed to outputs delivered) in implementation reports and reflection in these reports on the lessons of these results, at both the action and component programme level.

Conclusions & Recommendations

4

- ii) There should be a specific allocation of responsibility for analysing the results that are being achieved across the Programme, especially in relation to the CIP's key themes, for reporting on broad developments, the successes achieved, the lessons for other actions and the potential for synergies and further gains.
 - iii) Action to support this analysis should be undertaken, by strengthening the related management instruments, such as communication tools, best practice analysis and monitoring systems, (as explained in subsequent recommendations).
 - iv) There should be consideration of reports on this analysis (and particularly on the broad developments in policy and the synergies being achieved) at the Commission's co-ordination meetings at director and head of unit level and at the joint Member State committee meetings.
 - v) Within their respective competences, these bodies should be clearly responsible for an active process of planning, tracking and following through the generation of synergies from across the Programme.
2. There is scope for improvement in the co-ordination between the Directorates-General involved in implementation of the CIP and the Directorate-General for Regional Policy, in particular. This co-ordination needs to be on a more systematic basis than currently, providing a framework for the on-going contacts between officials at an operational levels, drawing lessons from experience in areas of common interest, such as supporting businesses and innovation, and specifically identifying synergies and complementarities relating, for instance, to the implementation of the Structural Fund guidelines for the next programming period.
3. The development of evidence-based policy processes can be taken further, including continuing improvements in monitoring systems :
- i) Continuing to develop indicators that relate to results and longer-term impacts rather than outputs should be a priority.
 - ii) The objective of facilitating future take-up should influence the structuring, shaping and selection of early stage actions in projects, possibly including their grouping together in order to achieve a more consistent impact.
 - iii) For measures, using grant –based projects as their main vehicle of implementation, monitoring needs to be developed not only at a project level, as is currently being done, but also at the level of actions and programmes.
 - iv) Systems developed for the EIP should be extended to all parts of the Programme.
 - v) More effective monitoring could be achieved and gaps in the system more easily identified by bringing together all the indicator data in a single table in each implementation report. This will also facilitate the development of greater consistency in monitoring systems across the three component programmes.

Conclusions & Recommendations

4

- vi) It may assist the overall management of monitoring systems and restrict any tendency towards a proliferation of complex indicator systems, if a distinction were made between indicators (mainly contextual, result and impact indicators) that are used for accountability and progress reporting and those (a wider range of output indicators) that are used for internal management purposes.
- 4. The methodology of best practice analysis should be reviewed and systematised. Mechanisms for promoting the take-up of best practice should be developed further and monitored :
 - i) More attention should be paid to highlighting and developing best practice methodology, especially by drawing on the wide range of experience across the Programme, clarifying terminology and processes and identifying the characteristics of the more successful instances.
 - ii) Systems for monitoring progress with best practice implementation need to be developed, including greater provision within projects for assessing and reporting on results of this aspect of their activities.
 - iii) The terms of reference for future evaluations could also address the need to assess the effectiveness of actions aiming to promote best practice.
 - iv) To support evaluation of progress with best practice implementation, a precise characterisation of the baseline is a key requirement.
 - v) The relatively restricted use of benchmarking under the CIP might usefully be extended as a means of spreading best practice.
- 5. There should be a review of the relationship between the CIP and its main stakeholders, with a view to considering systematically ways to identify and promote synergies. Such a review might include :
 - i) A review of existing structures for co-ordinating practice with close policy areas, such as FP7 and the Structural Funds and identification of ways to make this co-ordination more systematic.
 - ii) A consideration of how CIP results can best be taken up in Member States and other participating countries.
 - iii) Continuing efforts to simplify project application and management procedures and some new reflection on how relationships with project participants might be made more productive, beyond and between projects.
 - iv) A review of how the Programme has sought to engage with appropriate players in the knowledge economy and particularly whether relationships could be strengthened with universities and research centres, as stakeholders in the development of innovation strategy as well as participants in specific projects.

Conclusions & Recommendations

4

6. With the experience from a wide range of actions under the CIP continuing to accumulate, the Recommendation of the Interim Evaluation of the Competitiveness and Innovation Framework Programme that the Commission should develop a communication and dissemination strategy for the CIP, which reflects stakeholders' demand for simple coherent and tailored messages, has even greater force:
 - i) The main purpose of such a strategy at this stage should be to communicate clearly the main achievements of the CIP, with a view to assisting further take-up of results and promoting synergies at all levels: within the Programme, with related areas of EU policy, such as the Structural Funds and with national and regional initiatives that are able to make effective use of the experience at an EU level.
 - ii) It will be necessary to establish some priorities in terms of which achievements to highlight. Those with the greatest potential for further impact on competitiveness and innovation should have the highest priority.
 - iii) The targeting of such communication and dissemination activities should concentrate on those in a position to act on the information provided.
 - iv) Among the most significant audiences are Commission and Agency officials working on related areas of policy, who are in a position to develop synergies with CIP actions.
7. A significant legacy that the Competitiveness and Innovation Framework Programme can leave for its successor programmes is a clear and comprehensive statement on Innovation and how best to promote and support it.

This would build on the work of Europe INNOVA and PRO INNO Europe, but also take in the experience of the eco-innovation projects, the IEE II programme and ICT-PSP and wider developments, such as the Lead Market Initiative. It would also take into account particular approaches needed to support eco-innovation and possibly consider links with FP7 and the Structural Funds. It would add practical detail to the framework provided by the Innovation Union Flagship Initiative and provide a clear orientation for the operation of innovation promotion under successor programmes.

Case Studies

Recommendations have also been made relating to the areas considered by the case studies. These are as follows :

Case study 1: The contribution of small scale measures to CIP policy development

- While there will continue to be a need to justify each specific small scale measure separately, it is also necessary to continue to strengthen the mechanisms for overall co-ordination of these measures, in order to avoid unnecessary proliferation, to achieve greater synergy and to increase their overall impact. Reference to a broader framework, such as the Small Business Act helps this process.

Conclusions & Recommendations

4

- Clearer communication of the aims and achievements of small scale measures is necessary, including their follow-up. Continuing to develop an improved monitoring system is part of this process.
- The development of tools contributing to better strategic co-ordination of the Programme (such as instruments for the more effective dissemination of best practice) is an important contribution made by small scale measures. The process of developing these tools could be undertaken more systematically.

Case study 2: The Effectiveness of Support for Eco-innovation under the CIP

- While it is not suggested that enterprises supported by CIP measures to promote various forms of eco-innovation should have any privileged status, there should be a further consideration of how such enterprises can effectively fund their subsequent development, including by access to venture capital, in a situation where competition for VC funds is quite fierce.
- In areas where further support for the application of ideas and technology, of the kind developed under various CIP measures, is restricted by a shortage of funds, there should be a new investigation of the extent to which interaction with other policy instruments, such as the Structural Funds, can be strengthened to the advantage of all the policy instruments concerned.

Case study 3: The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

- Efforts should be made to identify potential synergies before launching projects in areas where there are multiple inputs from different parts of the CIP.
- There is a particular onus on those developing business support services to ensure that they do not confuse enterprises by needlessly proliferating services, but rather seek to integrate new services, as seamlessly as possible, into existing provision.
- Efforts should be made to make sure that welcome capacity-building initiatives such as CHANGE lead to services to enterprises that are as effective as possible by putting in place the appropriate information, co-ordination and referral mechanisms with support agencies working in related areas.

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

Introduction

As well as supporting the main actions that account for the bulk of their budget, the component programmes of the Competitiveness and Innovation Framework Programme (CIP) also fund a range of measures that are relatively small-scale in budgetary terms, but rather wide in scope. In fact the Entrepreneurship and Innovation Programme (EIP) has supported over 100 such actions over the period 2007-2011 and although smaller scale activities are less numerous and of a more restricted application under the other programmes, similar questions arise for all of them with regard to the nature and effectiveness of their contribution to meeting the overall objectives of the Framework Programme.

The Reasons for this Case Study

While the overall evaluation of the CIP inevitably concentrates on the broader themes and the instruments with the greatest financial backing, the purpose of this case study is to conduct a separate review of smaller scale activities, in order to consider their contribution to the Programme as a whole. The intention is to focus some light on activities that might otherwise escape scrutiny and to contribute to a debate on their role. Do they make a valid and valuable contribution to the achievement of CIP objectives or are they rather a distraction from the main activities? Are they an effective use of the available resources? Do they give rise to sustainable outcomes?

In addressing these questions, the case study will make a contribution to the main evaluation, in a way that it would be difficult to achieve within the main text. It also aims to draw some conclusions and formulate recommendations that relate directly to this type of activity.

Small Scale Measures within the Programme

By 'Small Scale Measures', we mean activities that are not part of a programmed set of actions under the various parts of the CIP, but are complementary, additional or stand-alone. Thus a relatively low budget allocation is not the sole criterion identifying a 'Small Scale Measures', since many of the specific projects supported by CIP sub-programmes or initiatives individually have relatively small budgets, but form a part of a consistent series of actions that are mainly implemented over the whole period of the Programme.

In terms of the absolute amounts spent on 'Small Scale Measures' in this sense, the Entrepreneurship and Innovation Programme accounts for the most substantial expenditure, though there are some significant activities in the other Programmes too, especially if the proportion of the total budget is considered. Under the EIP small scale measures fall mostly under programme objectives E (Promote an entrepreneurship and innovation culture) and F (Promote enterprise and innovation-related economic and administrative reform) and have accounted for around 4.5% of the EIP budget :

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

Table 1.2 – EIP budget allocation for 2007 - 2011

| Objective | Budget allocated for 2007-2011 (m€s) | Percentage of total |
|---|--------------------------------------|---------------------|
| A- Facilitate access to finance | 798.2 | 53.6% |
| B- Create an environment favourable to SME cooperation | 325.6 | 21.9% |
| C- Promote all forms of innovation in enterprises | 122.2 | 8.2% |
| D- Support eco-innovation | 178.8 | 12.0% |
| E- Promote an entrepreneurship and innovation culture | 35.4 | 2.4% |
| F- Promote enterprise and innovation-related economic and administrative reform | 29.2 | 2.0% |
| Total | 1489.4 | 100.0 |

Under the ICT-PSP Calls for tender and support measure implemented by grants for activities account for around 3.7 % of the budget. Under IEE II, it is more difficult to identify small scale items; there is no identifiable budget for studies etc. Nonetheless there are activities that have a small budget character.

The activities involved vary quite considerably, but in broad terms relate to :

- Collection of data and intelligence on the policy area in question
- Broader studies on emerging issues
- Best practice identification and exchange
- Small scale initiatives not supported elsewhere in the Programme
- Conferences and events
- Publications and general promotional activities
- Evaluation and monitoring

In addition, there are items such as the European Union's contribution to the Platform for International Cooperation on Energy Efficiency and fees for membership of the International Renewable Energy Agency under the IEE programme.

Activities of this kind also lend support to other programmes and initiatives. Under the IEE, for instance, studies are undertaken that play a critical role in the development of the implementation measures of the Ecodesign Directive. Similarly, measures to promote innovation through public procurement have been supported in line with the objectives of the Lead Market Initiative.

The Issues with Small Scale Measures

The Final Evaluation of the EIP reported that some representatives of Member State and also some business organisations had commented on the number of small scale activities under the Programme. They had suggested that these activities represented a dissipation of effort and required disproportionate amounts of administrative input from the Member State representatives,

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

but more particularly from Commission staff. Furthermore, it was felt that it was difficult to keep track of all the separate activities supported and that this undermined efforts to communicate clearly the aims and achievements of the Programme. Finally, it was remarked that there was a danger that the EIP could become a funding mechanism for various activities that had little to do with its core objectives. A greater concentration on the three main areas of the Programme would be more effective.

What the Small Scale Measures Actually Do

Although eventually the EIP evaluation team was not convinced by them, the criticisms of small scale measures do raise some fundamental questions about the relevance of this part of the Programme, its effectiveness and efficiency and whether actions supported are really directed towards the needs of enterprises. In considering these issues it is important to be clear about what the measures actually do. Reference is therefore made to specific examples, in order to gain insights into the nature of the activities typically undertaken. In this the case study draws both on information presented in the evaluations of the component programmes and new material developed for the current exercise.

Before looking at these examples, however, there is a general point relating to the overall relevance of small scale measures. It has been noted that these measures are mainly to be found supporting two objectives of the EIP, namely promoting an entrepreneurship and innovation culture (objective E) and promoting enterprise and innovation-related economic and administrative reform (objective F). In fact the only actions in support of these objectives are small-scale, at least in budgetary terms. However, we should not judge the significance of a policy by the size of the funds spent on pursuing it. It is clear that within Enterprise Policy as whole, these objectives have been pretty much central for the past twenty five years and it would be unthinkable to say that measures pursuing them should no longer be part of the Enterprise tool kit, especially on the basis that the required expenditure is very small.

The point has even more force when particular examples illustrate how the policy measures are put into operation. The EIP Evaluation pointed to the case of support for the Community programme for the reduction of administrative costs and more recently the High Level Group on administrative burdens. With modest expenditure on studies and for convening the High Level Group, regulations in 13 policy areas have been reviewed with a view to reducing administrative costs by 25%. The proposals made for legislative revision would lead, it is estimated, to a reduction of administrative costs by 25%, implying savings of some € 38 billion. The proposed revisions are currently on track for adoption by 2012, with changes already adopted representing a 21% reduction in costs. Furthermore, the processes developed in this area are now being applied more widely and feeding into a new smart regulation agenda.

A similar story can be told about small scale measures that have promoted a simplification of start-up procedures for enterprises. This story can be summarised as follows :

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

Simplification of Start-Up Procedures

The need to simplify procedures for business start-ups was recognised in a Commission Recommendation²⁵ in 1997 and subsequently endorsed in the BEST Report to the European Council and the 2000 European Charter for Small Enterprises.

In 2002, following examination of the issues in a programme of Concerted Actions with the Member States, a benchmarking study presented the state of play in the different Member States and proposed 'operational' benchmarks against which Member States could assess progress. The study calculated that in 2001 the average time to start-up a company in the EU 15 had been 22 days and the cost € 827.

In 2006 the Spring European Council provided a fresh political impulse to the process of reducing the difficulties of starting-up a new company and asked Member States to take concrete steps to facilitate start-up procedures. The Member States and the Commission put in place a number of practical measures to follow through the political ambition, including a process for monitoring progress. In 2008 the Small Business Act reaffirmed the objectives and widened the focus of activity to include the licenses, permits and authorisations needed by many firms to really start business operations.

The practical measures for carrying through the political objectives to real changes on the ground were nearly all provided under the CIP budget. They involved primarily data collection and meetings.

The monitoring of progress clearly demonstrates the impact of the policy and the measures that ensured follow-up :

From an average of 22days in 2001, the start-up time decreased each year to 12 days in 2007 and 7 days in 2010. Similarly, the costs of start up declined from € 827 to € 485 in 2007 and € 399 in 2010.

To achieve the major improvement seen in the situation for business start-ups, it was clearly necessary for a political momentum to have been given to the simplification process, but it was also important to follow this up with the practical steps necessary to exert peer pressure at the level of operational detail and to identify progress. This was possible through small scale measures funded by the CIP.

Clearly not all the small scale measures will have as dramatic an effect as the two instances cited, but a number are making important contributions – in effect sometimes the only contributions to the implementation of the significant policy objectives within Enterprise policy of promoting an entrepreneurial culture and prompting administrative simplification and reform. The fact that they are doing so for relatively little expense should be seen as a plus point, rather than a cause for criticism.

²⁵ Commission Recommendation of 22 April 1997 on improving and simplifying the business environment for business start-ups (97/344/EC)

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

It may nonetheless be the case that the number of measures is multiplying and that some are a lot less effective than others. This would be an argument for reducing and focusing the small scale activities rather than seeking to exclude them from the Programme altogether. From this point of view it is important to review the wide range of applications of this expenditure, summarised above.

It is immediately evident that the applications of small scale expenditure are indeed diverse, ranging from the organisation of meetings and conferences, through basic data collection and intelligence gathering to the conduct of evaluations. Nonetheless, a significant case can be made for each type of activity within the CIP Framework. As the EIP Evaluation points out for instance, the collection of basic data on the SME sector across Europe is a fundamental service for the SME community. Since 2008 the Annual Report on EU Small and Medium-sized Enterprises has been developing a fundamental information resource on the performance of the SME sector. Complemented by the SBA Fact Sheets on the relative performance of individual countries against the 10 criteria established in the Small Business Act (SBA)²⁶, the data presented in the Annual Report are becoming an essential element in informed policy making. Indeed there is an argument that care should be taken to ensure that this provisions continues on a systematic basis since reliable time series data are often important in informing policy decisions.

Publicity for actions undertaken under the CIP and communication of what is being achieved is another strategic activity undertaken through small scale measures. The EIP Evaluation argued that insufficient attention was being paid to communication of results of the EIP Programme as a whole and it could be argued that this is an even relevant comment for the CIP as a whole. The Evaluations of the IEE and the ICT-PSP have also identified weaknesses in communication as being an issue in their respective areas. This is a matter that is considered in the main report, but the implication here is that, if anything, there is too little communication activity rather than too much.

A particular aspect of the communication question relates to the various activities under the CIP that aim to identify and promote best practice. The real value of best practice analysis is evident when it is clearly being disseminated and taken up by a wider group of practitioners than those involved in the initial development. Again this is a wider issue than the aspects that are relevant for this particular case study and the main evaluation document refers to this broader context. However, the development of effective dissemination mechanisms is an area where very useful work can be done through small scale measures, as is apparent in the following project :

| POWER HOUSE EUROPE | |
|--|------------------------------|
| POWER HOUSE EUROPE is a project under the Intelligent Energy Europe Programme that supports social and cooperative housing organisations that are taking action to reduce carbon emissions. Central to the project's activities is the adoption on a broader basis of already established good practice. In particular, it is disseminating outputs from 20 projects supported by IEE under the Vertical Key Action 'Retrofitting of Social Housing' | |
| The project is co-ordinated by | CECODHAS Housing Europe, the |

²⁶ Communication from the Commission "Think Small First" A "Small Business Act" for Europe COM(2008) 394 final of 25.6.2008

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

federation of public, cooperative and social housing.

POWER HOUSE EUROPE has established 11 national platforms (2 in Belgium) through which the project partners work with other local housing providers at a national level to speed up the dissemination and deployment of particular practices identified by the network as a whole. In the process they are improving the skills of housing professionals and empowering residents by drawing on an existing pool of European know-how and resources for reducing the carbon footprint of housing, by assisting the adoption of good practice and by facilitating an exchange of experience, particularly in relation to success stories and lessons learned.

The materials and tools developed by the project are designed specifically to support the implementation process. They consist of :

- Information on legal, institutional and financial measures that may be needed.
- Training material for social housing employees including software applications to aid decision-making, planning and asset management.
- Pioneering examples of both retrofitting older properties and low energy new construction.
- Access to information and peer reviews on products and services and an opportunity to contact counterparts around the EU.
- Tried and tested examples of effective partnerships with residents, ICT applications for empowering residents and housing managers to cut their bills and track and reduce their resource consumption.
- Updates on new developments in EU funding and legislation related to energy efficiency and renewables.

POWER HOUSE encourages all the enablers of the energy transition from all relevant sectors to work in partnership at national and European levels and to diffuse the toolkits to relevant stakeholders.

It provides an example of a project that has a tight control of the process of upscaling existing best practice in the field of energy efficiency and renewable energy in housing. Its promotion of information and knowledge exchange among housing professionals is done in a way that avoids the repetition of mistakes and the duplication of research. It shares and highlights positive experience.

There are distinctive features in the POWER HOUSE approach. It builds on a body of established good practice. It is targeted at a well-defined user community. It anticipates areas of difficulty and has developed corresponding solutions field of application. And it has mechanisms for developing a momentum and encouraging an even wider take-up.

As such, POWER HOUSE EUROPE represents an important model for promoting the adoption of best practice with lessons that go well beyond its immediate application.

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

As well as contributing to the communication of actions developed under the CIP and helping the dissemination process, the POWER HOUSE EUROPE example shows how small scale actions can contribute to developments within the CIP that are of strategic significance, in this case by contributing to the more general development of methodologies for the effective dissemination of best practice.

This strategic role arises in other contexts too, in that there are a number of examples of the small scale measures being used to respond to issues that were not apparent or that did not have a substantial profile when the framework for the CIP was being formulated. In other words, small scale measures give the Programme a certain degree of flexibility in responding to issues as they arise. They were used, for instance, to undertake work on the use of public procurement to stimulate greater innovation on the part of suppliers and more generally to respond to the increased emphasis on a demand-side side approach in innovation policy, embodied in the Lead Market Initiative.

There is still a danger in this that small scale actions can multiply in an unco-ordinated way, and worse still that they can represent expenditure that does not lead anywhere. There can be a failure to follow them up. This is a real possibility and the main evaluation reports have pointed in particular to the opportunity for the Programme to exploit past results more effectively. However, the other reports also point to significant moves to provide a more consistent approach to the use of these measures and their follow-up. A case study accompanying the EIP Final evaluation in particular, examines the relationship between the Small Business Act and the EIP and points out that the SBA has provided something of a framework for EIP activities directed at EIP objectives E & F and as a result has helped to provide much more of a consistent structure for the small scale activities undertaken under these headings.

Conclusions and Recommendations

The central issue for this case study has been whether or not small scale measures are a distraction from the main activities undertaken under the CIP. Associated dangers are that they can easily multiply in an unco-ordinated way and that their results can be difficult to communicate.

There are a lot of small scale measures, but it has been found that they are the main actions undertaken in pursuit of some of the central elements in Enterprise policy and furthermore some of them have had rather impressive results on the basis of quite modest expenditure. It would seem perverse to suggest that these elements should be dropped, simply because it is not necessary to spend large amounts of money on them.

Other actions contribute to the communication of the results of the Programme and its overall management, areas where, if anything more effort is required. And, although co-ordination is a serious issue, there are signs that there is a growing co-ordination of the small scale measures themselves and, in addition, some of the actions contribute to synergies across the Programme and improvement in the overall-co-ordination and impact of the CIP as a whole.

Small scale measures provide for an important degree of flexibility for the CIP, allowing it to respond to issues as they emerge.

The recommendations that arise are as follows :

Case Study 1 : The contribution of small scale measures to CIP policy development

A1

- While there will continue to be a need to justify each specific small scale measure separately, it is also necessary to continue to strengthen the mechanisms for overall co-ordination of these measures, to avoid unnecessary proliferation, to achieve greater synergy and to increase their overall impact. Reference to a broader framework, such as the Small Business Act helps this process.
- Clearer communication of the aims and achievements of small scale measures is necessary, including their follow-up. Continuing to develop an improved monitoring system is part of this process.
- The development of tools contributing to better strategic co-ordination of the Programme (such as instruments for the more effective dissemination of best practice) is an important contribution made by small scale measures. The process of developing these tools could be undertaken more systematically.

Case Study 2 : The Effectiveness of Support for Eco-innovation under the CIP

A2

Introduction

Promoting sustainable economic development is one of more significant themes defining the overall objectives of the Competitiveness and Innovation Programme (CIP). Article 1 of the Decision of the European Parliament and of the Council establishing the CIP states that the Framework Programme shall contribute to 'sustainable development based on robust economic growth and a highly competitive social market economy with a high level of protection and improvement of the quality of the environment'. Although within the Framework Programme there is a dedicated sub-programme promoting 'energy efficiency and new and renewable energy sources in all sectors, including transport', the pursuit of sustainable development is not restricted to the activities of this Intelligent Energy Europe (IEE) Programme, but occurs under other headings. The purpose of this case study is to build on an analysis in the Final Evaluation of the Entrepreneurship and Innovation Programme (EIP), which examined the promotion of eco-innovation within that particular component of the CIP, and assess the extent to which the CIP as a whole has supported sustainable development through the fostering of appropriate forms of innovation.

The Reasons for this Case Study

While a case study for the Final Evaluation of the Entrepreneurship and Innovation Programme considered how far the EIP had been able to promote eco-innovation across the range of its activities, a larger question arises in the context of the Framework Programme. One of the conclusions of the EIP case study was that, given the limited support in monetary terms provided under the EIP, the main impacts of the measures promoting eco-innovation were the demonstration and learning effects of the actions undertaken. Direct effects were necessarily relatively restricted. The purpose of this case study is therefore to enquire further as to whether in the larger framework of the CIP as a whole, the objective of sustainable development is being effectively pursued.

Eco-innovation in the EIP

The promotion of eco-innovation is a cross cutting theme within the EIP. Article 14 of the Decision says that the EIP should:

- support the uptake of environmental technologies and eco-innovative activities;
- provide co-investment in risk capital funds that provide equity, inter alia, for companies investing in eco-innovation;
- foster eco-innovation networks and clusters and public private partnerships in eco-innovation, developing innovative business services, and facilitating or promoting eco-innovation;
- promote new and integrated approaches to eco-innovation in fields such as environmental management and the environmentally friendly design of products, processes and services, taking into account their whole life cycle.

The Decision also stipulated that at least 20% of the EIP budget should be spent on eco-innovation and the Work Programmes routinely report on actions and allocations that have implications for the

Case Study 2 : The Effectiveness of Support for Eco-innovation under the CIP

A2

promotion of eco-innovation. In practice, 90% of the expenditure on eco-innovation is accounted for by the Financial Instruments and the Eco-innovation scheme (pilot application and market replication projects).

The Final EIP Evaluation and its accompanying case study concluded that, although it is still at a relatively early stage, the novel approach of the first application and market replication support scheme appeared to be promising in terms of both the economic and environmental results. However, there was also comment on the relatively narrow budgetary base for these actions and the prospect of the scheme being heavily oversubscribed.

Under the Financial instruments, it is the High Growth and Innovative SMEs Facility (GIF) that has a remit to support eco-innovative enterprises, although it turns out that there is also a good share of eco-innovative SMEs among the beneficiaries of the SME guarantee facility (SMEG).

The EIP Final Evaluation reported that GIF had supported 3 venture capital schemes specialising in eco-innovative firms with high potential by the end of December 2010, two early stage funds and one expansion stage fund. This has resulted in a total of 24 EU and 3 non-EU firms receiving support representing close to an estimated 20% of the total number of firms supported under the scheme. Other funds also had a partial focus on eco-innovation. In relative terms therefore, the Financial Instruments have been rather successful in supporting eco-innovation. The intention of this case study, however, is to pursue the question of the effectiveness of these actions a little further.

| Clean Tec Venture Capital |
|---|
| <p>One of venture capital funds supported through the Financial instruments now has a capital base of € 112 million to invest in companies developing clean technology.</p> <p>This Fund currently invests in 16 companies, both start-ups and established companies. These are all SMEs, ranging from micro to medium size enterprises, and all have a high growth potential. Over € 50 million have now been invested and the companies are based in 7 Member States, plus one associated country and one investment in the United States, though this is now leading to the creation of a branch in Europe. Equity Holdings range from around 12% to over 40% and as well as finance, support for the enterprises includes board membership, detailed advice, introductions and support for marketing.</p> <p>The Fund approached the EIF initially because at the time it was difficult to raise investment in clean technology. The support provided through the Financial Instruments (€ 15 million) not only had a direct effect on the Fund's ability to support enterprises developing clean technology but the EIF's backing also triggered further investments to the tune of around € 22 million. There has therefore been a significant leveraging effect.</p> <p>The Fund reports that there is now less of a problem with persuading investors of the real opportunities available in clean technology. Rather the problem is in encouraging venture capital investments of any kind. This is not only because of the general economic climate, but also because of the increasing regulatory constraints on pension and insurance funds. In effect, the Financial Instruments are now helping to solve a different and more pervasive problem with accessing venture capital in a difficult market and are considered to be playing</p> |

Case Study 2 : The Effectiveness of Support for Eco-innovation under the CIP

A2

a crucial role in this respect. The professionalism and credibility of the EIF are an important factor here, though there are some doubts expressed by the Fund, given the EIF's public status and institutional arrangements, including staffing levels, about its ability to react swiftly enough to changing market conditions.

The 16 investments made were selected from 1600 proposals received. As a consequence of this situation, although the Fund's managers are aware of the other activities carried out under the CIP, the scope for cross reference between the different support activities is rather limited. Realistically, the possibility of a project supported under the eco-innovation scheme subsequently accessing venture capital from a fund supported under the Financial Instruments is rather small. The more general argument appears to be that the potential demand for investment support from enterprises that have a reasonable proposition clearly exceeds the amount of support available.

It was always recognised that the scale of the Financial Instruments was such that their impact would be as much through their example in demonstrating the viability of investment in new areas as in their direct impact. However, the fact that the scale is not sufficient to allow scope for exploring synergies with other EIP instruments is a drawback, especially since this issue arises in relation to other elements in the CIP.

Contributions to Innovative Energy Efficiency from the ICT-PSP Programme

ICT-PSP funds have been used to fund a wide range of projects to stimulate the uptake of ICT by public services. A number of projects funded dealt with sustainable and interoperable health and other public services, data management systems and digital libraries – including support for the further development of eLearning.

ICT-PSP has also funded projects in the domain of energy and water efficiency. For instance, the 'Saving Energy in Social Housing with ICT' project (eSESH) was supported under ICT-PSP to design, develop and pilot new solutions to enable sustained reductions in energy consumption across European social housing. This was accomplished by providing usable ICT-based services for Energy Management (EMS) and Energy Awareness (EAS) directly to tenants, by providing effective ICT monitoring and control of local generation of power and heat and by providing social housing agencies and regional and national government with the data they need to optimise their energy-related policy and investment decisions at national, regional and organisational level.

In 2010, the '@qua Innovation Network for Water Efficiency' was funded under ICT-PSP to provide a forum to exchange and to share expertise in deploying innovative ICT solutions for water management. The project brought together SMEs active in ICT and water services and research entities developing competences in both sectors, and local and regional authorities directly responsible for water policy and water management.

These projects illustrate the wide scope under various elements of the CIP to support projects with an environmental orientation.

Case Study 2 : The Effectiveness of Support for Eco-innovation under the CIP

A2

Contributions to Sustainable Development from the IEE II Programme

The Intelligent Energy Europe II Programme has its place within a range of measures at EU and Member State level as part of the overall Energy Policy for Europe. As with other elements in the CIP, IEE has a particular role in assisting the actual application of technologies developed by research activities, including those supported by the RTD Framework Programme. The IEE final Evaluation, however, raises the question of whether or not the IEE has sufficient capacity to fulfil the role attributed to it. It calculated that IEE funding for renewable energy sources (RES) accounted for roughly 1% of EU-level RES funding in the period 2007-2009, although that proportion increases to roughly 7% if only non-loan funding at EU level is considered. Promotion and dissemination projects, in particular, are heavily oversubscribed, even though a majority of IEEC members and project participants believe the IEE funded activities are better value for money than most alternatives.

The situation is contrasted with that of the Structural Funds, where 5 years into the programming period, only of 13% of the € 10.8 Billion available funds dedicated to energy, have been taken up in contrast to an average of 27% for other domains. A number of IEE promotion and dissemination projects were aimed at identifying how best to access and use available funds, including Collaborative actions for Triggering Investments in Sustainable Energy Actions using Regional and Structural Funds (SF-ENERGY INVEST) and Sustainable Energy Actions for Europe's Cohesion (Energy 4 Cohesion (E4C)).

The Interim Evaluation of the Intelligent Energy-Europe II Programme had recommended an improvement in the co-ordination of the programme with other EU funding schemes, especially the Structural Funds. The continuing scope for this co-ordination is also a theme in the Final Evaluation.

Conclusions and Recommendations

There appears to be an issue about whether within the overall funding available at an EU level, the actions taken under the CIP to promote eco-innovation in a broad sense are at a sufficient level to achieve their intended results. To a certain extent, this was acknowledged at the outset, in that some of the actions were intended to demonstrate possibilities rather than offering a complete solution. On the other hand, in the case of the IEE Programme, its function of assisting the application of technologies once they have been developed is a pretty critical stage in the overall package of energy policy and especially in the achievement of 2020 targets.

This issue of the adequacy of funding also provides a particular perspective on relationships between various parts of the CIP and also between the CIP and other programmes, notably the Structural Funds, where it appears that lessons learned and instruments developed under the CIP's programmes might usefully find application on the ground in the regions as a result of strengthened co-ordination at the different levels of implementation.

There is then an important question revealed by this case study about how far the CIP can effectively address the objective of sustainable development given its current configuration and methods of implementation. This question needs to be considered further within the broader context of the effectiveness of the CIP in the main evaluation document.

In the current context, however, two recommendations arise :

Case Study 2 : The Effectiveness of Support for Eco-innovation under the CIP

A2

- While it is not suggested that enterprises supported by CIP measures to promote various forms of eco-innovation should have any privileged status, there should be a further consideration of how such enterprises can effectively fund their subsequent development, including by access to venture capital, in a situation where competition for VC funds is quite fierce.
- In areas where further support for the application of ideas and technology, of the kind developed under various CIP measures, is restricted by a shortage of funds, there should be a new investigation of the extent to which interaction with other policy instruments, such as the Structural Funds, can be strengthened to the advantage of all the policy instruments concerned.

Case Study 3 : The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

A3

The IEE II programme promotes Industrial excellence in energy (i.e. actions increasing energy efficiency in industry, in particular SMEs) under the wider SAVE objective (energy efficiency and rational use of resources). These actions include promoting the concept of energy services in industry, enhancing the awareness, capabilities and skills of energy and utilities managers and maintenance personnel in industry and facilitating exchanges of know-how and experience between energy managers.

These projects typically involve a wide range of key stakeholders, especially industrial associations and aim to show a sound assessment and analysis of the sectors concerned and their relevant energy issues. The development of tools, e.g. e-learning tools, auditing guides and software is also supported. In general, such projects aim to achieve a 'critical mass' or multiplier effect at industry level. They should be able convincingly to demonstrate improved value for money, going beyond the pilot scale in terms of the number of companies and other stakeholders affected and actual fuel savings achieved.

Projects under this particular objective have not solicited the assistance of the Enterprise Europe Network. Actions under IEE II such as CHANGE (Chambers promoting intelligent energy for SMEs) are seen as being distinct from Network activities in that action by the Network, for example through the sector group on renewable energy is very much concentrated on providing information about EU programmes and legislation, technology transfer, business and FP7 partnership, brokerage events etc, whereas IEE II actions focus specifically on information and advice on energy matters.

Introduction

While companies of all sizes and sectors are aware of the importance and benefits of energy efficiency, small companies in particular often do not have the capacity to allocate the responsibility of energy issues to one member of staff. Thus, more information has to be targeted at SMEs and sector specific information has to be easily available. More information on alternative forms of funding and their benefits must be provided.

Information and services on energy topics are provided by a large variety of organisations. Chambers are already being widely consulted, but companies indicated the need for more activities and services. Chambers should consider ways to develop further the energy information and services they offer to SMEs, tailoring them to specific national or regional needs.

The main aims of the CHANGE project were to build capacity in Chambers of Commerce and Industry, install intelligent energy advisors in the participating Chambers and either kick-start or enhance concrete assistance to SMEs. This enhanced capacity is to remain in the Chambers after the end of the project and be of direct benefit to SMEs. The project was coordinated by EUROCHAMBRES and involved Chamber organisations from 12 countries in Europe as well as the participation of regional organisations constituting a network of 61 partners. The project ran from September 2008 to August 2010.

The Reasons for this Case Study

Through CHANGE, this case study looks to determine the extent to which structures like Chambers of Commerce work effectively to assist SMEs by providing them with useful information in the domain

Case Study 3 : The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

A3

of efficient energy. The aim is to find out whether such actions have helped SMEs realise potential cost savings linked to energy efficiency. Particular attention is paid to the ability of such actions to assist SMEs in reaching 20-20-20 energy efficiency goals.

CHANGE also provides a good example of a project that promotes capacity-building and that, as such, is strongly focused on service sustainability. The project seeks to harness Chambers of Commerce and Industries' effectiveness in communicating and disseminating information to businesses, extending their fields of intervention to the domain of energy efficiency.

This project was chosen because it pinpoints the issue of how to provide efficient business support services, especially in view of the role of the Europe Enterprise Network and its relationship with other business support providers.

Industrial excellence in energy

To reach the EU's ambitious 20-20-20 goal, the active engagement of SMEs is essential. There is the need to go beyond the idea of developing a knowledge society in Europe. Structures such as Chambers of Commerce must take on the role to ensure that businesses have access also to other key ingredients for the production of goods and delivery of services, that is to say both energy and finance.

The industrial excellence in energy aspect of the IEE II programme prompts national administrations to ensure the provision of better information and financial incentives to encourage companies to become more energy-efficient and emphasises the implementation by all Member States of existing energy legislation. There has been evidence that the economic crisis exacerbates some of the barriers to energy efficiency for SMEs, notably lack of funding for investments and more difficult access to loans. This was subsequently taken into account under IEE II.

'Industrial excellence in energy' actions under SAVE take into account the activities and results of the ongoing industrial IEE projects and of the EU policy instruments targeted on industry. They also aim to make use of the available tools and techniques for energy auditing, benchmarking and management in general, adapting them where necessary to meet any special features of the target sector. They are meant to demonstrate user-friendliness and wide acceptance, especially among SMEs, is rated highly.

| Chambers promoting intelligent energy for SMEs (CHANGE) |
|---|
| <p>Objectives and main activities</p> <p>The capacity building objective through the creation of a European network of Chamber of Commerce and Industry advisors on intelligent energy topics was fulfilled with 276 Chamber advisors participating in training. The project was successful in developing a "first port of call" for SMEs with the creation of 61 websites with information on Energy. Around 470 articles on energy topics were published in 11 different languages.</p> <p>The training days both at EU and national level and follow-up information exchange</p> |

Case Study 3 : The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

A3

activities resulted in the hosting of 330 events attracting more than 12,000 participants in total.

Regarding its other major objective of enhancing or kick-starting assistance to SMEs to optimize their energy use, the project enabled 670 energy pre-checks conducted or facilitated. Access to information was facilitated thanks to the publication of a Reference manual 'Advising SMEs on energy – a reference manual for business organizations'.

Lastly a survey entitled "Energy Efficiency in SMEs: Success Factors and Obstacles" conducted among the businesses concerned also facilitated access to useful SME-level information.

The results of the survey conducted, as part of the project, highlighted the success factors and barriers faced by SMEs in 12 European countries regarding the uptake of intelligent energy measures. It provided the Chamber advisors with concrete information on situation in SMEs and what services they need, both a national level but also in the European comparison. The presentation of the survey results during the European Sustainable Energy Week 2010 was a very successful event. It was accompanied by a discussion with Members of the European Parliament, the European Renewable Energy Council, the EACI and entrepreneurs. The results also served to show decision makers, both at national and at European level, where SMEs stand and what they need to contribute towards the European energy efficiency and renewable energy targets. The results were widely taken up by the media, both at national level in the countries participating in CHANGE, as well as by European publications, such as the European Voice or Europolitics.

The role of Chambers: to provide information and services.

About 60 staff members from local and regional Chambers in 12 European countries undertook training and exchanges of experience to obtain basic knowledge about energy efficiency and cost-efficient applications of renewable energy sources. These Chambers acted as first ports of call for SMEs in energy efficiency matters, facilitating their access to information, organising workshops and information events and encouraging SMEs to take energy efficiency pre-checks. Thus, they bridged the gap between SMEs and more specialised consultancy and technologies available on the market.

The Chambers involved clearly made it one of their priorities to raise the capacity within the Chamber network to deliver energy efficiency related services to businesses, particularly to support SMEs to become more energy efficient.

Chambers wishing to participate in national training programmes for energy advisors have to pay a fee, making it possible to carry on the work started within CHANGE without external funding. The training overall was very well received. The sessions presenting a company case study as well as concrete examples from Chambers were the ones most appreciated. It seems that the more experience the individual advisors have, the more relevant the possibility of exchanging with peers and comparing approaches becomes. Some of the less experienced participants would have preferred more practical training even beyond the national training days.

Case Study 3 : The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

A3

Long term outcomes

The aim of the CHANGE project is that in the long term SMEs will improve their energy efficiency and thus contribute to the European goal of 20% energy savings by 2020. While this cannot be directly measured, Chambers have witnessed an increase in interest from companies in services offered by Chambers regarding energy topics. Many companies which took energy pre-checks within CHANGE, asked for the Chamber advisor to come back after a certain time period to evaluate the measures taken and discuss further steps. This shows that company demand for energy related services provided by Chambers is increasing. As a consequence Chambers are expanding their (human resource) capacities, where financially possible.

Links with the European Enterprise Network

EUROCHAMBRES, the main coordinator of the CHANGE project, works in close collaboration with the Europe Enterprise Network and Chambers of commerce are frequently key participants in regional Network consortia. About half of the active partners in the CHANGE project are from Chambers that are also members of Europe Enterprise Network consortia, including Unioncamere, the Italian Union of Chambers of Commerce).

The Intelligent Energy Sector group of the Europe Enterprise Network has an active role in fostering the participation of SMEs in EU funding programmes such as Intelligent Energy Europe. A large number of Chambers of Commerce that are members of this Sector group also took part in the CHANGE project. These chambers therefore benefited from the experience acquired from the Europe Enterprise Network and the resources brought by the CHANGE project to train energy efficiency advisors so as to better out to relevant SMEs. There has been strong overlap between chamber staff trained through CHANGE and chamber staff trained through the Europe Enterprise Network. For smaller Chambers especially that are partners of both CHANGE and the Europe Enterprise Network, the same staff members sometimes received training under the two schemes.

CHANGE is about developing energy efficiency expertise within Chambers and supporting SMEs directly in their efforts to improve energy efficiency. In this respect, it potentially offers a very complementary development to the information, funding, technology transfer and brokerage activities of the Europe Enterprise Network.

Conclusions and Recommendations

Offering support to SMEs to achieve industrial excellence in energy is crucial if the European 20-20-20 goals are to be reached. Chambers sometimes experienced difficulties in helping enterprises to address the targets. CHANGE participants found that the information provided was very useful in this respect.

In order to be able to offer SMEs the needed support and services regarding energy related topics, Chamber advisors need a deeper knowledge. As the complexity of technologies available, legislation or available funding increases, more specialised advisors are needed. Many Chambers have Environmental departments and face the need to increase their capacities if they are to provide good support relating to energy. The CHANGE project has provided exactly this. While more experience Chambers added to their capacities, those with less experience managed to get things off

Case Study 3 : The Effectiveness of Support for Industrial Excellence in Energy – the Chambers promoting intelligent energy for SMEs (CHANGE) project

A3

the ground thanks to CHANGE. They now feel that they are in a better position to actively offer support to companies.

National energy advisor networks existed before the start of the CHANGE project, but little direct exchange took place at a European level. The meetings of all the involved Chamber advisors, the joint training in December 2008 and the Exchange of Experience Meeting in March 2010, were greatly valued by participants. The exchange of experience, working with SMEs on energy issues in different regions, provided input, ideas and motivation. This overlap with membership of the Enterprise Europe Network could now be further consolidated.

It is important to build capacity in business support agencies, especially in relatively new areas such as support for energy efficiency. However, with any development of this kind, it is important to be aware of the dangers of multiplying unco-ordinated provision. Too many services makes the provision on offer confusing for enterprises. It is therefore important for support agencies to put a lot of effort into co-ordination and the presentation of a seamless service to their enterprise clients.

In the current case, given that Enterprise Europe Network members provide a range of services in support of enterprises seeking to promote sustainable energy, there is a clear case for ensuring that the appropriate links have been made with those trained under CHANGE and similar projects (sometimes within the same organisations). The development of these synergies not only helps to increase the general level of efficiency in service delivery, but has the special function of ensuring that enterprises receive a professional, client-oriented service.

- Recommendations arising from this case study are as follows: Efforts should be made to identify potential synergies before launching projects in areas where there are multiple inputs from different parts of the CIP.
- There is a particular onus on those developing business support services to ensure that they do not confuse enterprises by needlessly proliferating services, but rather seek to integrate new services, as seamlessly as possible, into existing provision.
- Efforts should be made to make sure that welcome capacity-building initiatives such as CHANGE lead to services to enterprises that are as effective as possible by putting in place the appropriate information, co-ordination and referral mechanisms with support agencies working in related areas.

List of Abbreviations

B

ALTENER – New and renewable sources

BPN – Best Practice Network

CBS – Capacity Building Scheme

CHANGE – Chambers promoting Intelligent Energy for SMEs

CIP – Competitiveness and Innovation Framework Programme

CSES – Centre for Strategy & Evaluation Services

EACI – Executive Agency for Competitiveness and Innovation

EC – European Commission

ECB – European Central Bank

EFTA – European Free Trade Agreement

EIB – European Investment Bank

EIC – Euro Info Centre

EIF – European Investment Fund

EIP – Entrepreneurship and Innovation Programme

EIPC – Entrepreneurship and Innovation Programme Committee

ELENA – European Local Energy Assistance

EPG – Enterprise Policy Group

EPO – European Patent Office

EU – European Union

FP7 – Seventh Framework Programme

List of Abbreviations

B

GIF – High Growth and Innovative Small and Medium Enterprises Facility

INTERREG – Inter regional Cooperation Programme

IPR – Intellectual Property Rights

IRC – Innovation Relay Centre

IT – Information Technology

NCP – National Contact Point

PA – Pilot A

PB – Pilot B

PES – Performance Enhancement System

PEPPOL – Pan-European Public Procurement Online

R&D – Research and Development

SAVE – Energy efficiency and rational use of energy

SBA – Small Business Act

SMART – Specific, Measurable, Achievable, Relevant and Time-bound (criteria)

SMEG – Small and Medium-sized Enterprises Guarantee Facility

SMEs – Small and Medium-sized Enterprises

STEER – Energy in transport

STRABO – Strategic Advisory Board on Competitiveness and Innovation

TN – Thematic Network

VC – Venture Capital