

The EU Research and Innovation

FUNDING LANDSCAPE

2021-2027

Europa Media's

hands-on introduction

In case you would like to understand better the EU funding system, and which programmes provide funding opportunities in the area of research and innovation, you should read about the Multiannual Financial Framework and how the EU budget is distributed for research and innovation targets. Let 's see.

Research and Innovation is financed through different budget lines, here we are collecting all, then we give the numbers and provide some details on the individual programmes. At the end of the document you can find a full summary table. Always keep in mind that your planned projects must try taking into account all three legs of the knowledge triangle – research, innovation and education.

Two budgetary headings, I. Single Market, Innovation and Digital and the II. Cohesion and Values provide the major financial sources for any funding targeting research and innovation, but the heading III. Natural Resources and Environment as well as heading V. Security and Defence provide additional supplementary funding in the research and innovation area.

We should start with the key R&I public funding source. The overall budget of the R&I framework programme in 2021-2027 period, called Horizon Europe, increased from the previous period. While Horizon 2020 has around 80 billion EUR budget, [Horizon Europe](#) will have around 100 billion EUR budget for the whole period, allocated to I. Single Market, Innovation and Digital budgetary heading. Another important R&I funding source will be the [R&I partnerships](#) supported under Horizon Europe. Besides Horizon Europe, two other programmes will be financed under the Research and Innovation sub-heading, the [Euratom Research and Training Programme](#) and the [International Thermonuclear Experimental Reactor](#). As the European Commission aims at significantly decreasing the gap between the excellent research results developed and their use on the market, there is a significant budgetary sub-heading named European Strategic Investments where [InvestEU Fund](#) is going to deploy indirect financial instruments provided for Horizon Europe and other EU programmes. One

of its main domains will be the R&I window that will strongly support market uptake in R&I and new technologies. [Conncting Europe Facility](#) – Transport, Energy, Digital - can support the deployment of innovative technologies developed within Horizon Europe whilst the latter support upstream technology development. Under the same sub-heading another EU programme is very relevant for R&I, the [Digital Europe](#) programme as it will provide the digital capacity-building and large-scale deployment needed by a number of other EU programmes, including Horizon Europe. It is dedicated to the digital transformation of public services and businesses. The [Single Market Programme \(including COSME\)](#), financed under the I. Single Market, Innovation and Digital budgetary heading will enhance important synergies with different EU programmes in the area of SME support, education, youth and R&I. The programme will e.g. encourage small companies to benefit from breakthrough innovation and other solutions developed under other flagship EU programmes like Horizon Europe and the Space Programme. The [European Space Programme](#) is financed under a separate budgetary sub-heading called Space and will have a direct linkage with Horizon Europe, through space-related research and innovation actions as it will finance the deployment and exploitation of European space infrastructures and related services. All these programmes listed above are implemented directly by the European Commission DGs and the Executive Agencies.

We are now turning to the second most important R&I public funding source, the European Structural and Investment Funds. Under the budgetary heading II. Cohesion and Values the [European Regional Development Fund \(ERDF\)](#), the [Cohesion Fund \(CF\)](#) and the [European Social Fund \(ESF\)](#) provide sources for R&I investment and capacity-building, implemented through national and regional authorities in the different Member States of the EU and/or across them. The total available funding from ERDF in the 2021-2027 financial period will be 226.308 million EUR out of which the most significant share will be invested into research and innovation.

Under the same II. Cohesion and Values budgetary heading the following EU programmes need your attention. The [Erasmus+](#) programme supporting education and training will have significant complementarities strengthened further with EU instruments such as the European Social Fund+, and Horizon Europe. The [Creative Europe](#) programme will have direct linkages with Horizon Europe through funding under the cluster on inclusive, resilient and secure societies that will support research and innovation activities in the fields of media convergence and culture.

The third, still very important budgetary heading with linkages to R&I is III. Natural Resources and Environment heading. The three main funds here are also the Structural Funds, two giving most funding the [European Agricultural Guarantee Fund & European Agricultural Fund for Rural](#)

Development. Synergies with Horizon Europe will be secured and developed in the cluster on “Food and Natural Resources” where the objective is to make agriculture and food systems fully safe, sustainable, resilient, circular, diverse and innovative. An amount of EUR 10 billion is foreseen under Horizon Europe to support research and innovation in food, agriculture, rural development and the bioeconomy. The third fund, the European Maritime and Fisheries Fund is the EU’s dedicated programme to support a sustainable EU fisheries sector and the coastal communities dependent on it. Collaboration and synergies with Horizon Europe for marine research and innovation will be achieved, for instance by supporting small and medium-sized enterprises for the deployment and market replication of innovative solutions for blue growth and by supporting a thematic investment platform for research and innovation in the blue economy. Under the same heading, another programme creates synergies with research and innovation, the LIFE Programme. The EU Programme for Environment and Climate Action aims at optimising the uptake of funds supporting environmental investments.

And the last budgetary heading V. Security and Defence provides interesting supplementary sources for actors interested in security as a cross-cutting issue. The new European Defence Fund will incentivise cooperative defence capability development projects and complement national investments in defence. Complementarity and synergies with Horizon Europe will be ensured, so that results under defence research also benefit civil research and vice-versa. This will help avoiding possible unnecessary duplication.

See the numbers below. Clicking on each programme, the link will take you to the individual programme description.

Note

We got most provided information from these sources:


https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en


<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A321%3AFIN>


and the EC document: A New Horizon for Europe - Impact Assessment of the 9th EU Framework Programme for Research and Innovation


The new Multiannual Financial Framework 2021-2027

A Modern Budget for a Union that Protects, Empowers and Defends

 I. SINGLE MARKET, INNOVATION & DIGITAL	187.370 million EUR (current prices)
1 Research & Innovation	102.573
<ul style="list-style-type: none"> • Horizon Europe <ul style="list-style-type: none"> • <i>of which under the InvestEU Fund</i> 3.500 • <i>of which research and innovation in food, agriculture, rural development and the bioeconomy</i> 10.000 • Euratom Research & Training Programme 2.400 • International Thermonuclear Experimental Reactor (ITER) 6.070 • other 3 	
2 European Strategic Investments	49.973
<ul style="list-style-type: none"> • InvestEU Fund 14.725 • Connecting Europe Facility – Transport 12.830 • Connecting Europe Facility – Energy 8.650 • Connecting Europe Facility – Digital 3.000 • Digital Europe Programme (including Cybersecurity) 9.194 • Other 200 • Decentralised Agencies 1.374 	
3 Single Market	6.391
<ul style="list-style-type: none"> • Single Market Programme (including Competitiveness and Small and Medium-Sized Enterprises - COSME, Food Safety, Statistics, Competition and Administrative Cooperation) <ul style="list-style-type: none"> • <i>of which under InvestEU Fund</i> 2.000 • EU Anti-Fraud Programme 181 • Cooperation in the Field of Taxation (FISCALIS) 270 • Cooperation in the Field of Customs (CUSTOMS) 950 • Other 98 • Decentralised Agencies 804 	
4 Space	16.235
<ul style="list-style-type: none"> • European Space Programme 16.000 • Decentralised agencies 235 	
Margin	12.198

 II. COHESION & VALUES		442.412 million EUR current prices
5 Regional Development & Cohesion		273.240
• European Regional Development Fund		226.308
• Cohesion Fund		46.692
• <i>of which contribution to the Connection Europe Facility - Transport</i>		<i>11.285</i>
• Support to the Turkish-Cypriot Community		240
6 Economic & Monetary Union		25.113
• Reform Support Programme including the Reform Delivery Tool and the Convergence Facility		25.000
• Protection of the Euro Against Counterfeiting		8
• other		105
7 Investing in People, Social Cohesion & Values		139.530
• European Social Fund + (including Integration of Migrants and Health)		101.174
• <i>of which health, employment and social innovation</i>		<i>1.174</i>
• Erasmus+		30.000
• European Solidarity Corps		1.260
• Creative Europe (including MEDIA)		1.850
• Justice, Rights & Values		947
• Other		1.334
• Decentralised agencies		2.965
Margin		4.528

 III. NATURAL RESOURCES & ENVIRONMENT		378.920 million EUR current prices
8 Agriculture & Maritime Policy		372.264
• European Agricultural Guarantee Fund		286.195
• European Agricultural Fund for Rural Development		78.811
• European Maritime & Fisheries Fund		6.140
9 Environment & Climate Action		5.739
Programme for Environment & Climate Action (LIFE)		5.450

 V. SECURITY & DEFENCE		27.515 million EUR current prices
12 Security <ul style="list-style-type: none"> • Internal Security Fund • Nuclear Decommissioning (Lithuania) • Nuclear Safety and Decommissioning (including for Bulgaria and Slovakia) 	4.806	
13 Defence <ul style="list-style-type: none"> • European Defence Fund • Connecting Europe Facility – Military Mobility 	19.500	
14 Crisis Response Union Civil Protection Mechanism (rescEU)	1.400	

Individual programmes

All taken from: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

A Modern Budget for a Union that Protects, Empowers and Defends The Multiannual Financial Framework for 2021-2027

<https://eur-lex.europa.eu/legal-content/EN/TXT/DOC/?uri=CELEX:52018DC032>

Some additional information is included from EC presentations and the New Horizon for Europe – Impact Assessment of the 9th EU Framework Programme for Research and Innovation.



RESEARCH & INNOVATION

Horizon Europe

Horizon Europe is the EU's flagship programme to support research and innovation.

1. EUROPEAN ADDED VALUE

Research & Innovation is a crucial part of the knowledge-based society and one where a strong European dimension can leverage additional funds at national level, without evidence of substitution. Typically, Research & Innovation projects selected for EU funding harness a higher level of EU or international cooperation. They tend to have a scale, scope and level of sophistication that would prevent them from going ahead with national funding alone: 83% of EU Research & Innovation projects rated as "excellent" would not have gone ahead without EU support. In a world of heightened technological competition, we are moving swiftly into a low-carbon society in which digital technologies are increasingly converging with the physical and the biological world. Against this background, not investing in Research & Innovation on an EU scale would result in a decline of our global competitiveness. This would have knock-on economic, social and environmental impacts. The specific benefits of EU investments in the area of Research & Innovation are:

- Pooling public and private resources and knowledge to achieve bigger impacts and critical mass for tackling global challenges and taking leadership in EU and global markets;
- Boosting EU competitiveness through the creation of transnational and multidisciplinary networks, value chains and markets, with positive knowledge dissemination and technology transfers across the Union to prepare and facilitate the deployment of new products and services;
- Strengthening scientific excellence through EU-wide competition and collaboration;
- Strengthening support for breakthrough/market creating innovations while respecting fair competition;
- Increasing the EU's attractiveness as a place for education, research, innovation and business;
- Having a positive structuring effect on national Research & Innovation ecosystems and pan-European research infrastructures;

- Supporting and strengthening Union's objectives and contributing effectively to deliver on policy priorities.

2. OBJECTIVES

Horizon Europe focuses on science and innovation, aiming to:

- Strengthen the EU's scientific and technological base;
- Foster the EU's competitiveness and its innovation performance;
- Deliver on the EU's strategic priorities and tackle global challenges.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is designed around three pillars:

1) Open Science – Building on the success of the European Research Council, the Marie Skłodowska-Curie Actions and the Research Infrastructures, the pillar adds more resources for projects with higher impacts. The projects are selected through a "bottom-up" approach, are defined and driven by researchers and networks and are evaluated on the sole criterion of excellence. The goal is to nurture innovation and entrepreneurship in education across Europe to provide the skills and competences needed to make Europe more competitive on a global scale.

2) Global Challenges and industrial competitiveness – It is built on clusters that aim at exploiting European strengths and assets by generating new knowledge and translating it into useful innovations, developing and applying digital and key enabling technologies along with a new mission approach. This will further ensure that Research & Innovation activities support EU policy priorities in areas such as the achievement of the Sustainable Development Goals, health, food and natural resources, resilience and security, climate, energy and mobility to secure a low-carbon, circular and climate-resilient society, industrial competitiveness and other societal challenges. **Industrial leadership** will be prominent within the pillar and through the programme as whole.

3) Open Innovation – This new pillar will offer a one-stop shop for high potential innovators, aiming to put Europe at the forefront of market-creating innovation through a "bottom-up" approach. It will develop future breakthrough technologies and attract innovative companies with potential for scaling up at international/European levels. It will offer fast, flexible grants and market-based instruments with private investors while ensuring that support close to the market activities does not unduly distort competition between innovators. These objectives will be pursued through the creation of a European Innovation Council.

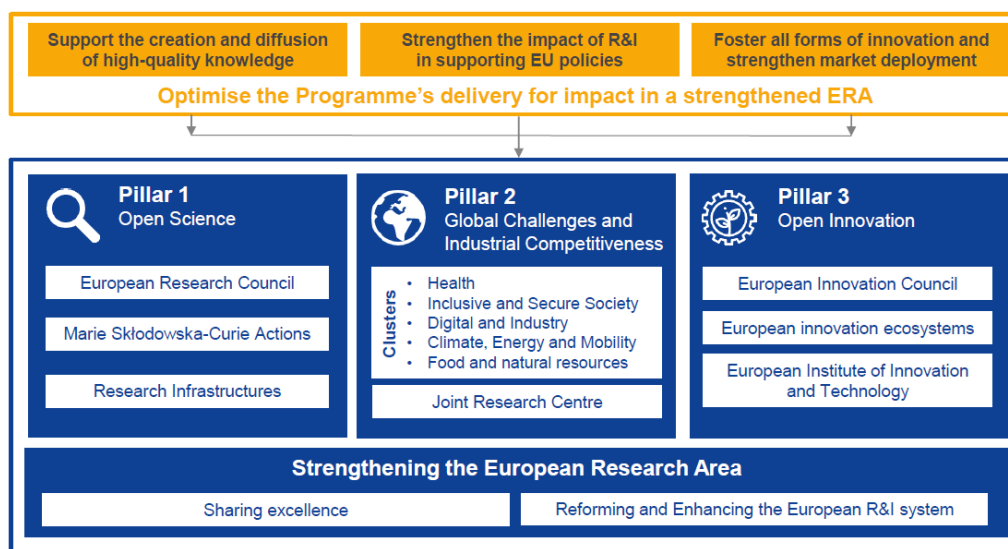
Additional measures will boost support to the European innovation ecosystem, notably through co-funding partnership initiatives and

increased use of innovation procurement. Targeting governments and public administrations for the take up of innovative technologies and diffusion of European Research & Innovation results will maximise the benefits from innovation for European citizens and business.

As part of the programme, the **Joint Research Centre** will provide EU policy makers with independent scientific evidence and technical support throughout the whole policy cycle. The **European Institute of Innovation and Technology** will support all three pillars and will specifically address global challenges primarily through its Knowledge and Innovation Communities integrating business, research, higher education and entrepreneurship.

Horizon Europe: evolution not revolution

Specific objectives of the Programme



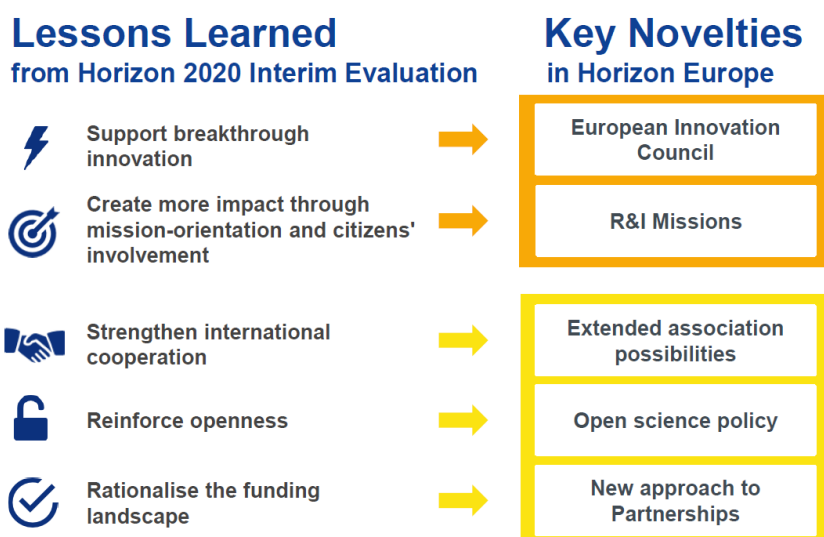
v. 25 June 2018



The programme will pursue efforts to further simplify the rules for beneficiaries. Key operational features will include:

- **Further simplification** of the current real cost reimbursement system will be pursued, including its simplified funding model and the principle of one funding rate per project. Moreover, to lower administrative burden, an increased use of lump sum project funding against fulfilment of activities will be explored, along with other simplified forms of funding provided by the new Financial Regulation.
- To **increase flexibility**, the future programme will allow allocation of funds between and within the pillars to react swiftly to emerging policy issues or challenges;

- Further **improvements to the proposal submission and evaluation process** will be envisaged. The evaluation criteria, process and involvement of independent experts will underscore the Programme's excellence and impact.
- Instruments and **funding schemes in the EU Research & Innovation landscape will be streamlined and coordinated** for the benefit of improved Research & Innovation activities. Partnerships will be improved building on the success of Joint Undertakings and linked with specific missions. In particular, specific support schemes for innovation will be streamlined under the newly-created European Innovation Council. The combination of Horizon Europe grants and financial instruments under the InvestEU Fund and with other relevant EU funding programmes will also be made easier.
- There is also room to further **expand the use of new management modes**, including through delegation to agencies and a simplified set of partnerships.



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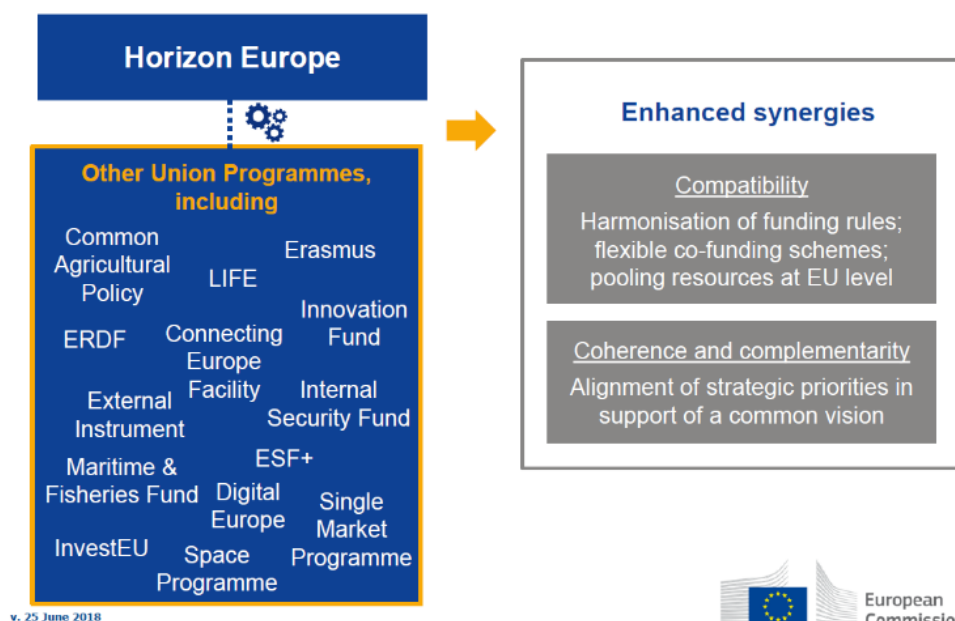


4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Complementarities and synergies with other EU funding programmes will be fully exploited. To that end, the **European Structural and Investment Funds** will continue to provide an important part of the EU funds for Research & Innovation through an increased focus on innovation. The "Seal of Excellence" scheme to allow projects successfully evaluated under Horizon Europe criteria to be funded at regional level under the European Structural and Investment Funds will be expanded.

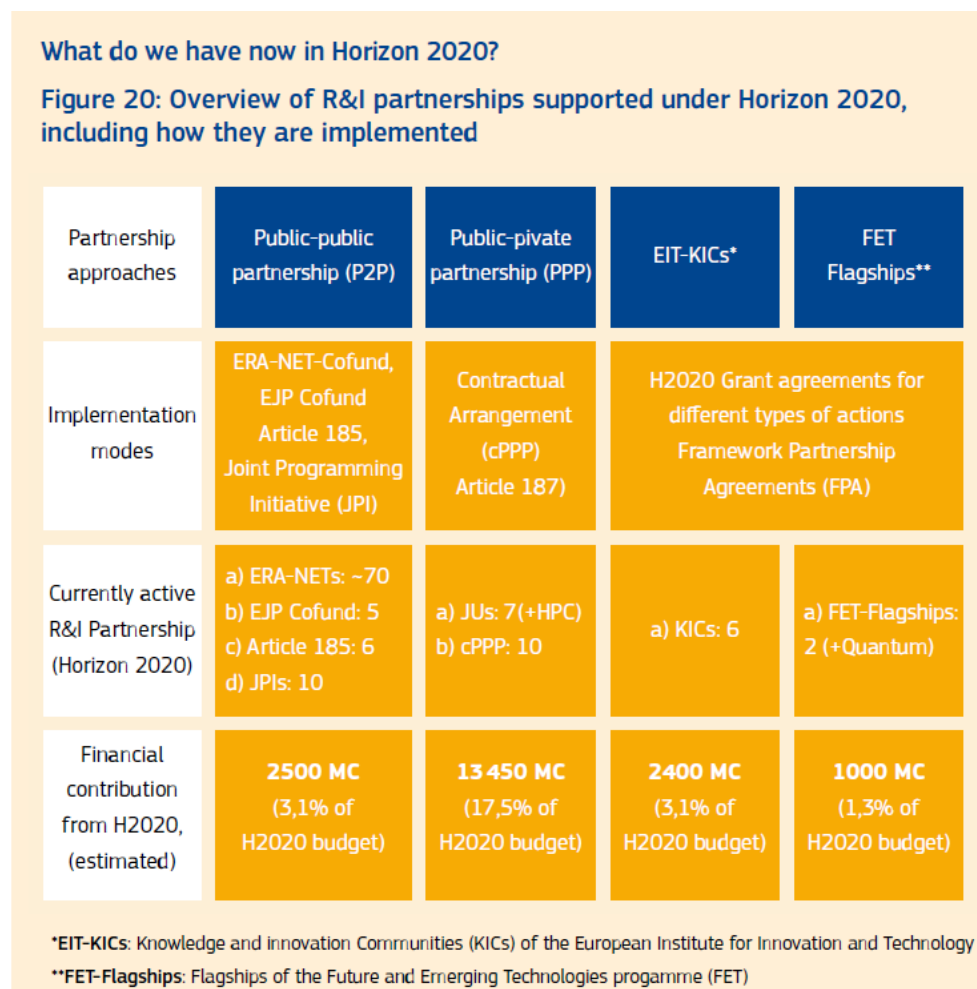
The policy goals pursued by other programmes will in many cases be supported by Research and Innovation actions under Horizon Europe – programmes such as the **Digital Europe Programme** will benefit from Research & Innovation breakthroughs and long-term progress in areas like cybersecurity and artificial intelligence is heavily dependent on breakthrough research. The same is true for agriculture and fisheries, health, transport, energy and many other sectors. Funds such as the **Internal Security Fund** and the **Integrated Border Management Fund** will both benefit from the fruits of Research & Innovation and incentivise the uptake of research products. Through **InvestEU** it will be possible to transfer results from Horizon Europe to the market through specific windows dedicated to research and innovation, and to support innovative SMEs. Complementarity and synergies with research under the **European Defence Fund** and with the **Space Programme** will also be ensured, so that results in any of those programmes promote overall innovation.

Synergies with other Union programmes



Research and Innovation Partnerships – supported under Horizon Europe

Another important R&I funding source are be the R&I partnerships supported under H2020. These will continue in a slightly different format.



The European R&I partnership landscape grew significantly in size and complexity over the last decade with an increasing risk of overlap and non-coherence with the EU framework programme and between the partnerships themselves. In particular, there is a large number of Public-Public Partnership initiatives (currently close to 100). An overall European Partnerships strategy based on an objective- and impact-driven intervention logic will be developed and implemented in order to ensure that partnerships are established or renewed only in cases where impacts need to be created that cannot be achieved by other Framework Programme’ s actions or national action alone.

There will be only three types of intervention modes (i.e. several Horizon 2020 labels like P2P, PPP, ERA-NET, FET Flagship and cPPP will be discontinued):

co-programmed European Partnerships between the EU, Member States, and/or other stakeholders, based on Memoranda of Understanding or contractual arrangements with partners;

ii) co-funded European Partnerships, based on a single, flexible programme co-fund action for R&I activities;

iii) institutionalised European Partnerships (based on Art. 185 or 187 TFEU, and EIT regulation for KICs).

Following a life-cycle approach the legal act will set out the criteria for the selection, implementation, monitoring, evaluation and phasing out of all European Partnerships.

Table 15: European Partnerships – a simplified implementation for more impact

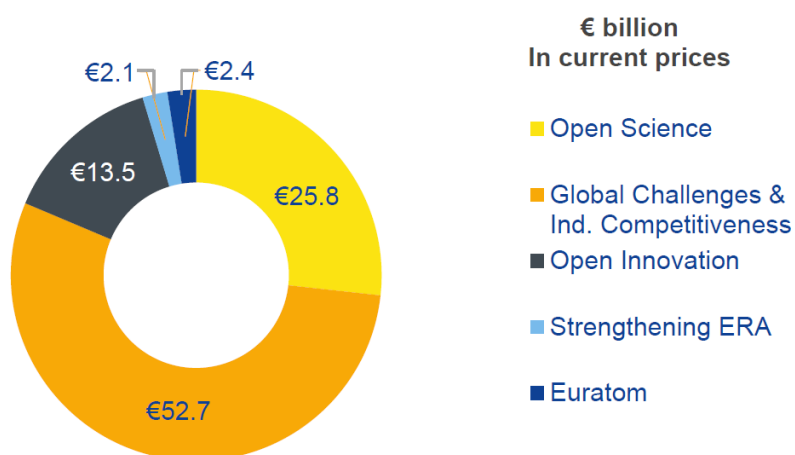
Issue	Co-programmed European Partnerships	Co-funded European Partnerships	Institutionalised European Partnerships
Objective	To encourage public and private stakeholders to co-programme, co-invest and coordinate their R&I priorities together with the Commission	To provide EU support to a joint programme of public and/or private stakeholders to tackle EU strategic priorities through R&I	To commit in the long-term for shared investments in R&I with public and private stakeholders in key strategic areas with international visibility and impact
Changes compared to schemes existing under Horizon 2020	Replaces cPPPs	Replaces ERA-NETs, EJPs, FET Flagships	Art 185 of the Treaty on the Functioning of the European Union (TFEU): institutionalised public-public partnerships Art 187 TFEU: institutionalised public-private partnerships

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	100 000*

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.

Budget: €100 billion* (2021-2027)



* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund.

v. 25 June 2018



Comparing Horizon 2020 and Horizon Europe

The following extracts provide you with an overlook which priorities or instruments remain unchanged, remain with some changed from H2020 to Horizon Europe and what are the new elements.

Table 16: Mapping of continued, discontinued and new instruments in Horizon Europe

CONTINUED Without Changes	CONTINUED With Changes	DISCONTINUED	NEW
Design – Priorities			
	<ul style="list-style-type: none"> > Excellent Science: <i>becomes</i> Open Science pillar and does not include the FET specific objective > Societal Challenges: <i>becomes</i> Global Challenges and Industrial Competitiveness pillar and covers the LEITs specific objective of the Industrial Leadership pillar > EIT: <i>becomes</i> part of the newly created Open Innovation pillar 	Industrial Leadership as a separate pillar	<ul style="list-style-type: none"> > Open Innovation pillar > ERA foundation (“Strengthening the ERA”): covers SWAFs, Widening, which were separate specific objectives
Implementation - instruments			
<ul style="list-style-type: none"> > Research and Innovation Actions > Innovation Actions > ERC frontier research > Training and mobility actions > Programme co-fund actions > coordination and support actions > inducement prizes > recognition prizes > public procurements > ERA Chairs > Twinning > Teaming > Policy Support Facility 	<ul style="list-style-type: none"> > Pre-commercial procurements (PCP) and Public procurement of innovative solutions (PPI) (becomes Coordinated innovation procurement) > SME Instrument (integrated into EIC Accelerator and transition activities) > Future and Emerging Technologies (FET) Open (becomes EIC Pathfinder) > Future and Emerging Technologies (FET) Flagships (incorporated within missions concept) > Support to Joint Programming Initiatives, ERA-NETs, Contractual Public Private Partnerships, Institutionalised public-private partnerships (Art. 187) and Institutionalised public-public partnerships (Art. 185): incorporated within European Partnerships initiative 		<ul style="list-style-type: none"> Missions EIC Pathfinder EIC Accelerator EIC transition activities



RESEARCH & INNOVATION

Euratom Research and Training Programme

The Euratom Research and Training Programme provides funding for **nuclear research and training** in the European Union.

1. EUROPEAN ADDED VALUE

The key European added value of the Euratom Programme is the mobilisation of a wider pool of excellence, expertise and multi-disciplinarity in fission and fusion research than is possible at the level of individual Member States. Nuclear and ionising radiation technologies continue to play an important role in the lives of European citizens, whether this concerns energy and its security of supply, the use of radiation in medical and industrial applications or management of spent fuel and radioactive waste. Safe and secure use of these technologies is of paramount importance and research programmes help maintaining the highest safety, security and safeguards standards in this field. The Euratom Programme focuses also on the development of fusion energy, a potentially inexhaustible and climate-friendly energy source.

An EU-wide approach to nuclear safety is also important since a nuclear accident could have negative consequences for countries across Europe and beyond. The Euratom programme also enables a broader coordination of education and training throughout Europe, the use of research infrastructures and international cooperation. This is of particular benefit to smaller Member States that can take advantage of economies of scale afforded by the Europe-wide pooling effect. The programme provides, through the Joint Research Centre, an important independent scientific advice in support of the implementation of European policies in the field of nuclear safety, spent fuel and radioactive waste management and radiation protection. With its independent infrastructures, the Joint Research Centre also provides unique services in the field of nuclear safety and security and plays a crucial role in the Euratom nuclear safeguards system. The involvement of European industry in fusion research activities fosters innovation e.g. through the development of high-technology spin-off products in other sectors such as medical and aviation.

2. OBJECTIVES

The Euratom Research and Training Programme objectives are to pursue and support research on all aspects of nuclear safety and security, reducing risks associated with radiation exposures, supporting emergency preparedness and response in relation to accidents involving radiation and

managing the spent fuel and radioactive waste. The Programme also aims to sustain the development of fusion energy in view of its potential major impact in contributing to the decarbonisation of the energy mix.

3. IMPLEMENTATION & SIMPLIFICATION

The Euratom Programme provides research grants through competitive calls for proposals (indirect actions), and funds research carried out by the Commission's Joint Research Centre (direct actions). The Programme is implemented using the instruments and rules of the Framework Programme for Research and Innovation. Further simplification of the programme will be achieved by proposing a single list of objectives for direct and indirect actions.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Euratom programme complements and provides synergies with Horizon Europe in areas such as health (medical applications of ionising sresearch programme will be carried out in full complementarity and coordination with the International Thermonuclear Experimental Reactor activities. The Euratom programme will continue the alignment of national programmes in fusion, radiation protection and management of spent fuel and radioactive waste via the implementation of European Joint Programmes. Moreover, synergies with the Decommissioning of Nuclear Facilities Programmes are expected in areas such as technology development and testing, training and exchange of best practices.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Envelope for Horizon Europe	97 600*
Envelope for Euratom Research and Training Programme	2 400
Total envelope for 2021-2027	100 000*

* This envelope includes EUR 3.5 billion allocated under the InvestEU Fund and EUR 10 billion to support research and innovation in food, agriculture, rural development and the bioeconomy.



RESEARCH & INNOVATION

ITER - International Thermonuclear Experimental Reactor

ITER, the International Thermonuclear Experimental Reactor is a first-of-a-kind, long-term project to build and operate a reactor in order to test the feasibility of fusion as an energy source.

1. EUROPEAN ADDED VALUE

Fusion is a potentially inexhaustible, climate-friendly energy source that does not produce greenhouse gases or long-lasting radioactivity. In a context where decarbonising the economy and tackling global climate change are high on the agenda, fusion offers prospects which cannot be ignored.

Neither the industry nor any country individually would be able to execute the project on its own. This is why the European Atomic Energy Community (Euratom) signed an international treaty in 2006 – the "ITER Agreement" – with six partners (the United States, Russia, Japan, China, South Korea and India). It contributes about 45% of the construction costs. France, as the host country, finances 20% of the Euratom contribution, with the remaining 80% being provided from the EU budget. Action at EU level ensures economies of scale, less fragmentation and a critical mass of resources and expertise.

Achieving and exploiting fusion is a long-term objective, but the project is already bringing important benefits to the EU industry and research in the procurement and construction phases. More than three hundreds companies –including small businesses– from 20 Member States and Switzerland, and around sixty research organisations are engaged in cutting-edge research and innovation to provide components, offering them a chance to develop spin-off products in other sectors (energy, medical, aviation, high-tech).

2. OBJECTIVES

In line with the Euratom's international obligations, the programme supports the **construction of the reactor** on its site in Cadarache (France), so that it initiates experiments on hydrogen plasma by 2025, laying grounds for successful progress to full power-generation stage of operation by 2035. Those milestones are necessary steps to make fusion a possible sustainable energy source.

The programme not only contributes to achieving a resilient Energy Union with a forward-looking climate policy. It also fosters job creation and growth by offering European high-tech industries and small companies a valuable opportunity to innovate and develop products outside fusion.

Finally, the timely delivery of EU components and active participation in the governance processes secure the continued EU leadership in the project.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be implemented on the EU's behalf by the Fusion for Energy joint undertaking. The EU will maintain an expenditure ceiling in the Multiannual Financial Framework Regulation and will ensure that the disbursement of funding is based on performance and actual delivery on the ground. In this respect, the radical overhaul of the project management in 2015 and the update of the baseline in 2016 increased the reliability of the schedules and costs of the project until its completion.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As one of the largest experimental projects ever constructed, the International Thermonuclear Experimental Reactor contributes to placing the EU at the forefront of research and innovation on the global stage. It mobilises significant resources and know-how, bringing positive impact to the EU industrial base research community. It is in full synergy with the Euratom programme, which supports the development of **ground-breaking research in the field of nuclear fusion**. It is part of the overall Fusion Roadmap developed by the European scientific fusion community. In addition, the programme will further consolidate the EU's place as a credible, international leader which fulfils its international obligations and is committed in its efforts to fight against climate change.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	6 070



RESEARCH & INNOVATION

ITER - International Thermonuclear Experimental Reactor

The InvestEU Fund is the Union's new investment instrument. It provides an EU guarantee with a view to mobilising public and private financing in the form of loans, guarantees, equity or other **market-based instruments**, for strategic investments in the support of EU internal policies. It builds on the successful implementation under the current period 2014-2020 of the European Fund for Strategic Investments and other financial instruments.

1. EUROPEAN ADDED VALUE

The EU long term goals regarding sustainability, competitiveness and inclusive growth require significant investments in new mobility models, renewable energies, energy efficiency, research and innovation, digitisation, education and skills, social infrastructure, circular economy, natural capital, climate action or small businesses creation and growth. Renewed efforts are needed to tackle persisting market failures caused by private investors' risk aversion, the public sector's limited capacity and structural inefficiencies of the investment environment. Member States cannot always bridge those investment gaps alone.

Grants alone cannot address the significant investment gaps. The use of financial instruments, with a leverage effect and closer to the market, efficiently complements grants in the EU budget toolbox. Intervention at Union level provides economies of scale in the use of innovative financial instruments by catalysing private investment in the whole EU and making best use of the European institutions and their expertise for that purpose. EU intervention also gives access to a diversified portfolio of European projects and allows for the development of innovative financing solutions which can be scaled up or replicated in all Member States. The multiplying effect and the impact on the ground are thus much higher than what could be achieved by an initiative in a single Member State, in particular for large-scale investment programmes. EU level intervention also provides flexibility to support intermediaries and final beneficiaries in locations where they are most needed, often in urban areas which do not necessarily benefit from the European Structural and Investment Funds. In addition, it allows to effectively address investment needs linked to EU-wide policy objectives, complementing efforts to promote structural reforms and improved regulatory environment to thus address the remaining investment gaps in the post-2020 period.

2. OBJECTIVES

The InvestEU Fund aims at mobilising investment within the EU to support political priorities and to contribute to the integration of European capital markets and the strengthening of the Single Market. It will target

investments promoting sustainable infrastructure, research and innovation, digital transformation, the access to finance for small and medium-sized enterprises, education, skills, social infrastructure and the development and consolidation of market structures underlying micro-credits and the social economy. Digital investment will be a key cross-cutting priority for all InvestEU windows. In addition, the InvestEU Fund provides advisory support and accompanying measures to foster the creation and development of projects.

3. IMPLEMENTATION & SIMPLIFICATION

The InvestEU Programme will comprise the InvestEU Fund, InvestEU Assistance and the InvestEU Portal.

The InvestEU Fund will pool all centrally managed financial instruments in a single, flexible, multi-policy guarantee instrument at the EU level¹, allowing for significant economies of scale – doing more with less – and attracting private investors. Building on the European Fund for Strategic Investments, the InvestEU Fund will address market gaps and sub-optimal investment situations by providing an EU guarantee to the Commission's strategic implementing partner, the EIB Group, as well as to other partners such as National Promotional Banks and Institutions or International Financial Institutions (e.g. the European Bank for Reconstruction and Development). To ensure the best possible financing mix for strategic projects across the EU, the InvestEU Fund will allow for simple combination with grants from the EU budget as well as with European Structural and Investment Funds (on voluntary basis).

Building on the European Investment Advisory Hub, InvestEU Assistance will provide a single entry point for 360-degree project development assistance for project promoters. Building on a powerful partner network, InvestEU Assistance will help projects get off the ground and make them investment-ready. The InvestEU Portal will bring together investors and project promoters, building on the European Investment Project Portal.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As a delivery tool for EU policies, the InvestEU Fund will foster investment in full synergy with the corresponding EU policies and programmes, such as the Connecting Europe Facility, Horizon Europe, the Digital Europe Programme or the Single Market Programme. It will ensure complementarity with investments under the European Structural and Investment Funds and with EU support provided by relevant spending programmes in the form of grants. Moreover, the programme will allow for the blending of financial instruments with grants from other programmes, in particular for projects that do not generate sufficient revenue.

¹ Without prejudice to the responsibility of relevant Directorates-General.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>		<i>EUR million</i>
Window	Budgetary guarantee	Mobilised investment (estimates)
Sustainable infrastructure	11 500	185 000
Research and innovation	11 250	200 000
Social investment and skills	4 000	50 000
Small and Medium-sized enterprises	11 250	215 000
Total	38 000	650 000

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	15 725*
of which:	
Provisioning of the Guarantee Fund	15 200*
Project development assistance	525

* This envelope includes EUR 1 billion of expected reflows of the current financial instruments.



EUROPEAN STRATEGIC INVESTMENTS

Connecting Europe Facility

The Connecting Europe Facility supports investment in cross-border infrastructures in the transport, energy and digital sectors.

1. EUROPEAN ADDED VALUE

At the core of the Single Market lies the guarantee that goods, capital, services and labour can freely move from one Member State to the other. However, gaps still exist between Member States and regions which fragment the EU and impede the smooth functioning of the Single Market. This can, for instance, be the result of topography or a lack of interoperable standards. To overcome this fragmentation and make sure that the Single Market fully delivers, Article 170 of the Treaty on the Functioning of the European Union provides that the EU shall develop trans-European networks of transport, telecommunications and energy infrastructures. In addition, environmental concerns require that the EU energy policy should promote the interconnection of energy networks and cross-border integration of renewables. This is also consistent with the need to meet the challenges of decarbonisation and digitisation of the European economy. The Facility is designed to foster investment in the trans-European networks. Those networks and cross-border cooperation are crucial not only to the functioning of the Single Market, but they are also strategic to implement the Energy Union, the Digital Single Market and the development of sustainable transport modes. Interoperable cross-border networks are key to reducing the current fragmentation. Without EU intervention, private operators and national authorities have insufficient incentive to invest in cross-border infrastructure projects. The Facility also provides the opportunity to deploy technologies developed at EU level and in particular through the EU Research and Innovation Framework Programmes, boosting their market uptake and ensuring that the trans-European networks use the most advanced available equipment.

2. OBJECTIVES

The Connecting Europe Facility supports investment and cooperation to develop infrastructure in the transport, energy and digital sectors and connects the EU and its regions. It further aligns with the policy objectives of decarbonisation and digitisation of the European economy, covering three strands:

- For **transport**, it aims at completing both layers of the European network for all transport modes: the strategic backbone (i.e. the core network) by 2030 and its more extensive layer (i.e. the comprehensive network) by 2050. It also supports the deployment of **European traffic management systems** for air transport and railways, and helps the EU transition towards **connected, sustainable, inclusive, safe and secure mobility**. It contributes to the **decarbonisation of transport**, for example by constituting a European network of charging infrastructure and for alternative fuels or prioritisation of environmentally friendly transport modes;
- For **energy**, the focus is on completing priority sections of the energy networks essential for the internal market. It also seeks to deliver **smart and digitised energy grids**, so as to achieve interconnection targets and improve security of supply. Promoting Member States' cooperation in integrating **cross-border renewable energy projects** will also be key;
- For **digital**, the Facility maximises the benefits that all citizens and businesses can get from the Digital Single Market. The deployment of very **high capacity digital networks** supports all innovative digital services, including connected mobility. In addition, it contributes to ensuring that all main socio-economic drivers such as schools, hospitals, transport hubs, main providers of public services and digitally-intensive enterprises have access to **future-oriented broadband connections** by 2025.

3. IMPLEMENTATION & SIMPLIFICATION

The Connecting Europe Facility will be centrally managed by the Commission, with the support of the Innovation and Networks Executive Agency. The agency has built an excellent track-record in optimising the use of the Facility and has accumulated a wealth of expertise in monitoring projects. Delegating all three sectors of the Facility to a single agency will also generate economies of scale and synergies between transport, energy and digital strands.

Grants will remain the preferred means to address the gaps affecting infrastructure projects. The use of simplified forms of grants will be further promoted.

Grants will also be used for blending with financial instruments, in particular from the InvestEU Fund, or with financing from public or private financial institutions, to leverage investment support. The programme will not be equipped with its own financial instruments as they will be delivered by the InvestEU Fund to avoid overlaps that have happened in the current period, as well as to streamline the landscape of EU financial instruments.

The Facility will fully exploit synergies between the transport, energy and digital sectors. In particular, a specific focus on innovative infrastructure solutions (such as smart grids, energy storage, e-mobility, charging infrastructure, and alternative fuels) is needed to deliver on the 'Clean Energy for All' and 'Clean Mobility' packages. The future programme's rules and implementation will therefore be flexible enough to support actions at the crossroads of the different strands, for example alternative fuels and e-mobility for all transport modes (which affect both energy and transport), automated driving vehicles and vessels (transport/digital), incorporating digital technologies (in particular the Internet of Things) into energy grids, creating the Internet of Energy (which affect energy, transport and digital), and renewables integration supported by a functional cross-border Green infrastructure (energy and digital).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

In addition to synergies within the programme, the Facility will better interact with other EU programmes. For example, its work on the physical connectivity infrastructure across the EU will complement the development of digital services under the Digital Europe Programme.

The programme and the European Structural and Investment Funds will also complement each other to deliver on infrastructure investment. For instance in the transport sector, the Facility will concentrate on the trans-European network dimension, notably on the cross-border corridors, while the European Regional Development Fund and Cohesion Fund will prioritise transport projects with a national, regional and urban focus. Similarly, in energy, the Facility will focus on infrastructure including projects relevant for the integration of renewables with cross-border relevance, while European Structural and Investment Funds can address local smart grids and renewable projects. The Digital strand will focus on projects with strong cross border and cross sector impacts, on maximising the footprint of private investments. In addition, the Facility will aim to increase its attractiveness for the pooling of funds from national budgets in projects of common interest in the digital sector.

The programme can support the deployment of innovative technologies developed within Horizon Europe whilst the latter support upstream technology development.

Building on the positive experience in the current period, a contribution from the Cohesion Fund will be made available to the Transport strand, in direct management. In addition, funding from the Defence cluster will be made available to the Transport strand as well to ensure that transport infrastructures of strategic importance are suitable for military mobility needs.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	42 265
Digital	3 000
Energy	8 650
Transport	30 615
of which:	
General envelope	12 830
Contribution from Cohesion Fund	11 285
Support for Military Mobility	6 500



EUROPEAN STRATEGIC INVESTMENTS

Digital Europe Programme

Digital Europe is a new programme dedicated to the **digital transformation** of public services and businesses, by boosting frontline investments in **high-performance computing and data, artificial intelligence, cybersecurity** and **advanced digital skills**, as well as **large-scale deployment of digital technologies** across European economic sectors. It builds on existing actions such as Interoperability solutions for European public administrations, businesses and citizens and pilots in cybersecurity and high-performance computing.

1. EUROPEAN ADDED VALUE

Digitisation is inherently a cross-border and cross-sectoral phenomenon. Action at EU level can make the Digital Single Market a reality in which digital policies are coordinated across the EU, digital public services and infrastructures deployed by Member States are no longer fragmented, and digital technology is evenly diffused, closing gaps between EU and national digitisation programmes and avoiding a digital divide. EU intervention will also generate co-investment and bring economies of scale from joint procurement of supercomputers and from savings from maintenance cost-sharing.

Digital capacities are essential to face global competition and to analyse the critical mass of big data for Artificial Intelligence innovation. Europe's international competitiveness is constrained by the low digitisation of its small and medium-sized enterprises, a problem that requires improving access to finance, technology and skills. The focus is on the digital capacities and advanced skills that are essential to face global competition, addressing societal challenges and bringing the benefits of digital transformation to every citizen and business.

The programme will support a set of ambitious projects that will make the best use of these digital capacities and of the latest digital technologies in areas of public interest such as health, public administration, judiciary and education, ensuring the availability and interoperability of solutions across the EU.

Cybersecurity is of key importance to ensure trust in digital products and services and needs to be addressed at European level, given the speed and wide propagation of cyber-attacks. Investment at EU level will provide the public and private sectors with more secure infrastructure and with the tools and expertise to address the origins and propagation of attacks, and the means to track and prevent them. Such an investment will be

instrumental to be able to protect citizens, governments and businesses across the EU.

2. OBJECTIVES

Europe's digital transformation and international competitiveness must be accelerated by:

- **Reinforcing capacity** in the areas of high-performance computing, cybersecurity, Artificial Intelligence and digital skills;
- Widening the **diffusion and best use of digital technologies** in the public and private sector where there are market failures (e.g. for small and medium-sized enterprises);
- **Aligning EU, Member State and regional policies and pooling** private and industrial resources to increase investment and develop stronger synergies.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be centrally managed by the Commission around five interdependent and mutually reinforcing pillars.

- 1) **High performance computing** and data processing infrastructures will be procured jointly to build an integrated European supercomputers ecosystem (including hardware, software, applications), used in particular in areas of public interest;
- 2) **Cybersecurity** capacities for both public administration and businesses will be enhanced via (i) procurement of advanced solutions, equipment, tools and data; (ii) increasing access to testing and certification facilities; and (iii) provision of technical assistance and expertise;
- 3) Open platforms and "common data space" for **Artificial Intelligence** will be acquired and made available widely across the EU in Digital Innovation Hubs, providing testing facilities and knowledge to small businesses and local innovators.
- 4) The **Advanced Digital Skills** pillar will offer students and technology experts the opportunity to pursue training in advanced digital technologies (data analytics, robotics, artificial intelligence, blockchain, cybersecurity, high performance computing, quantum etc.), specialised courses and internships in companies deploying advanced technologies;
- 5) Large-scale deployment projects will assist the **transition of areas of broad public interest to the digital age**. They will align investments of Member States and the EU to ensure wide availability and interoperability of the resulting solutions, continuing actions and services provided under the predecessor programmes. Support will also go to small and medium-sized enterprises to

engage in digital transformation, notably in areas like Artificial Intelligence.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

As well as supporting the delivery of the Digital Single Market more widely, the Digital Europe Programme will provide the digital capacity-building and large-scale deployment needed by a number of other EU programmes. In many areas such as health, public administration, justice and education, the Programme will contribute to the EU's work to promote effective and modern public services. Support for a dynamic economic sector will also reinforce growth-focused programmes and industrial policy. Building a secure environment for digital services will assist all digital-based action, and in the area of cybersecurity, the Programme will specifically complement action under the **Internal Security Fund**.

The Programme will in turn benefit from research and innovation breakthroughs under the **Horizon Europe Programme**, progressively mainstreaming them in areas of public interest and contributing to their commercial exploitation. The **Connecting Europe Facility** will support the physical connectivity infrastructure needed for the services delivered under the Digital Europe Programme. Digital Innovation Hubs for small and medium-sized enterprises and local innovators and the coordinated digitisation of regional public administrations will improve interoperability and create synergies with national/regional programmes under the **European Structural and Investment Funds**. Open call for grants will be organised to create Digital Innovation Hubs in all European regions to provide testing facilities for Artificial Intelligence and knowledge to ease the digital transformation of small businesses.

Specific synergies with other innovation instruments such as the **European Institute of Innovation and Technology** and support through the **European Regional Development Fund** will also be promoted. The advanced Digital Opportunity Scheme complements the objectives of the **European Social Fund+** and **Erasmus+** by addressing the gap between demand and supply for experts in new digital technologies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	9 194



SINGLE MARKET

Single Market Programme

The new **Single Market Programme** supports the effective functioning of the Single Market by ensuring cooperation between authorities, and the provision of services to citizens and businesses, in particular small and medium-sized enterprises. It also supports EU standard-setting and rule-making in areas like access to markets and finance, consumer protection, food safety, anti-money-laundering, competition, statistics, financial reporting and auditing. The programme brings together successful actions such as COSME, the programme for Small and Medium-sized Enterprises and the Statistics programme. This will be complemented with internal market governance tools and services such as Your Europe portal, Your Europe Advice, the Internal Market Information service and "SOLVIT", the network for effective problem solving in the Single Market.

1. EUROPEAN ADDED VALUE

The Single Market is a cornerstone of the EU. Its benefits continue to feature high in what citizens and businesses most value and expect from the EU. EU level support is indispensable to ensure the **effective operation of the Single Market**. This includes ensuring its good governance and the high quality and relevance of its rules. It also means making sure that citizens and businesses are equipped with the right tools to understand it and to reap its benefits.

A well-functioning Single Market needs informed citizens, empowered consumers, businesses and in particular small businesses, which account for two thirds of the jobs in Europe. Considering the steady increase in cross-border activity, rapid technological development and the emergence of new products/services/practices, increased consumer expectations and public cross-border challenges, continuous and coordinated action at EU level is required to address a **twofold challenge**. The first is to tackle persisting **fragmentation** of the Single Market through enhanced cooperation, preventive mechanisms, enforcement, advice and communication on rights and opportunities. The second is to **adapt** EU rules and standards and their enforcement to rising and complex challenges. These challenges are notably linked to the combined impact of well-established trends: digitisation and globalisation of trade with increased competitive pressure to be expected from third countries.

Protection against cross-border food safety threats can only be effective and efficient if coordinated at EU level. In these areas, EU added value is increased thanks to uniform standardisation and consumer protection across the EU.

Small businesses throughout the EU also share common challenges that do not affect larger firms and prevent them from reaping the benefits of the Single Market. EU support is needed to overcome those obstacles.

2. OBJECTIVES

A well-functioning and future-looking Single Market requires interventions to **empower consumers and enable businesses and public administrations** to take full advantage of the market integration and opening. It will help strengthen their capacities to represent and protect their interests.

It will address the **specific needs of businesses and in particular Small and Medium-sized Enterprises** at different stages of their development to better grasp the opportunities of the Single Market, including through the access to fast growing markets outside the EU and to global value chains. The programme will strengthen **regulatory and administrative cooperation** between Member States and with the Commission. It will foster Member States' operational enforcement capacity to ensure better convergence/integration, trust, effective prevention of barriers, as well as to protect citizens.

It will ensure high-quality and effective **rules and standard-setting**. It will equip actors responsible for the enforcement of Single Market laws with a solid evidence basis and the right tools to address emerging and increasingly cross-border challenges. The programme will ensure cooperation with international partners for convergence of international standards and promotion of EU policy interests.

It will promote a high level of **animal health and welfare and plant health**, thus protecting consumers and the environment, including through crisis preparedness and response, effective official controls as productive factors for growth, jobs and security, contributing to the good functioning of the Single Market and improving EU competitiveness.

It will produce and disseminate high quality **European statistics**, which are indispensable for decision-making in all policy areas, as well as performance and impact measurement of EU initiatives.

3. IMPLEMENTATION & SIMPLIFICATION

The **integration of different Single Market-related instruments** centrally managed by the Commission into one programme aims to reduce overlaps, increase synergies and facilitate communication and networking with all various stakeholder groups. Such a consolidation of activities provides higher value for money and cost-efficiency.

The loan guarantees for Small and Medium-sized Enterprises will be delivered through the relevant window of the **InvestEU Fund**. Simplified cost options (flat rates, lump sums and unit costs) will be increasingly used to reduce burdens for beneficiaries and administrations. The use of e-procurement and e-grants for direct management will be promoted, as will the possibility to further externalise direct management of funds to

executive agencies. The future programme will allow movements of funds between and within its different pillars.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Coordination will be ensured with the cooperation activities supported respectively under the **Fiscalis** and **Customs** programmes that represent key elements in efforts to strengthen the EU Single Market. The **Digital Europe** programme will provide the digital interoperability and infrastructures needed by a number of EU programmes, including the Single Market programme. Interventions aiming to foster labour and youth mobility under the **European Social Fund+** and **Erasmus+** will act as catalyst for free movement of persons, one of the core freedoms in the Single Market. In the same vein, cross-border and transnational activities aiming at economic cooperation under **European Structural and Investment Funds** also concretely support the Single Market. Moreover, the programme will encourage small companies to benefit from breakthrough innovation and other solutions developed under other flagship EU programmes like **Horizon Europe** and the **Space Programme**. By supporting activities on company law, contract law, anti-money laundering, and consumer policy, the future Single Market Programme will develop synergies with the **Justice, Rights and Values Fund**, contributing to the creation of an EU justice area through equal access to justice for citizens and businesses and appropriate training of the judiciary to ensure business and consumer laws are respected.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	6 089*
of which:	
Competitiveness and Small and Medium-sized Enterprises (COSME)	3 000*
Food safety	1 680
Statistics	552
Financial services	528
Consumer	188
Competition	140

* This envelope includes EUR 2 billion allocated under the InvestEU Fund.

Note: the total does not tally due to roundings.



SPACE

European Space Programme

The Space programme finances the deployment and exploitation of **European space infrastructures** and related services.

1. EUROPEAN ADDED VALUE

Space infrastructures support services that have become indispensable in Europeans' daily lives, when using mobile phones, driving or finding places with a navigation system, taking a plane or cruising in the sea. They also help ensure the protection of people (for example by better evaluating the impact and managing responses to natural disasters), the environment and key economic systems (energy power plants, banking transactions, secure communications). As new space technologies and innovative services emerge, the importance of state-of-the-art space infrastructures becomes ever more important.

Financing a network of satellites and operating space programmes exceeds the financial and technical capacity of any single Member State. There would also be a waste of resources and fragmentation if each Member State developed its own launchers, satellites or regulatory standards. Space is a strategic sector and the EU must secure its industrial leadership and autonomy to remain a global actor. The Treaty on the Functioning of the European Union tasks the EU with drawing up a European space policy, supported by a European Space Programme.

2. OBJECTIVES

The Space Programme ensures that the EU fully exploits the economic and societal potential that space can bring:

- Ensure the **continuity of the existing space infrastructures and services, and the development of new ones**. The EU has three flagships: *Copernicus*, a leading provider of Earth observation; *Galileo*, the EU's own global navigation satellite system; and *EGNOS*, a signal augmentation system for navigation services to aviation, maritime and land-based users. To continue providing data and deploy innovative services, new satellites have to be launched and the infrastructures on the ground need maintenance and upgrade;
- Foster an **innovative European space sector that can compete globally**. The programme supports industrial competitiveness, internationalisation and skills development of all the segments of the space industrial value chain, from a strong satellite manufacturing industry to a dynamic downstream service sector as

well as ensuring EU strategic autonomy in Space. At the same time, it encourages the transfer and cross-fertilisation of technology with non-space sectors;

- Reinforce the EU's capacity to have a **guaranteed access to space and space services**. Space capacities are so strategic that the EU must mitigate dependence on external actors to build, launch and operate satellites; it must preserve its freedom of action and autonomy of decision. The Space Programme therefore supports innovative EU efforts to remain competitive in the launcher sector and the wider space sector, and it ensures a better protection and tracking of satellites in space (Space Surveillance Tracking, Space Situational Awareness) and secure satellite communications for the EU and national public authorities.

3. IMPLEMENTATION & SIMPLIFICATION

The Space Programme will be delivered for the most part through procurements. Some specific activities will be delegated to the agencies and international bodies, in particular to the European Global Navigation Satellite Systems Agency (GSA) and the European Space Agency. Additional delivery mechanisms such as public-private and public-public partnerships will also be considered, when appropriate.

The future programme will consolidate all space-related activities into a single Regulation. This will provide greater coherence, visibility and budgetary flexibility. This rationalisation is intended to generate efficiency gains which will ultimately serve the deployment of new space-driven services.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The Space Programme will be an enabler for several EU policies. It will improve the monitoring of natural resources, climate change and migration routes. It will support the deployment of smart and sustainable transport solutions and precision agriculture. It will contribute to a more secure Union. The programme will generate business opportunities thereby boosting overall jobs, growth and investments in the EU. In support of the Paris Climate Agreement, an independent capacity for monitoring and verification of global carbon emissions will enable Europe to take global leadership in the fight against climate change and the development of a green and sustainable economy. The synergies and complementarities with **Horizon Europe** will be ensured, in particular for the space-related research and innovation actions. Finally, the Space Programme will contribute to security and defence priorities considering that space capabilities are "dual-use" by nature (i.e. for use by both civilian and military customers).

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	16 000



REGIONAL DEVELOPMENT & COHESION

European Regional Development Fund and Cohesion Fund

The European Regional Development Fund and the Cohesion Fund support the economic, social and territorial cohesion of the European Union. They contribute to reducing disparities that still exist between European regions and countries. In particular, the European Regional Development Fund contributes to structural adjustment and economic transition, while the Cohesion Fund focuses on investments in environment and transport infrastructure. Together with the European Social Fund, they form the funding sources for the European Union's cohesion policy.

1. EUROPEAN ADDED VALUE

Economic and social disparities vary significantly between EU regions and hamper the harmonious development of the Union. On the basis of Article 174 of the Treaty on the Functioning of the European Union, the Union aims to reduce disparities between the levels of development of its regions and to support the development of the least favoured regions. Cohesion policy is both an expression of solidarity among Europeans, and the **main investment policy** of the EU. Fostering economic convergence for the least developed regions through the European Regional Development Fund and the Cohesion Fund strengthens the Single Market and creates opportunities for workers, consumers and companies across the whole Union. In a Europe where the more and less developed regions are unevenly distributed between countries, policies to reduce such disparities have to be organised at a level higher than the national one.

Cohesion policy supports the economic adjustment of Member States. It also plays an important role in mitigating economic and financial shocks by stabilising public investment in times of fiscal consolidation.

The European Regional Development Fund and the Cohesion Fund support development by co-financing investment in research and innovation; climate change and environment; business support to small businesses; services of general economic interest; telecommunications, energy and transport infrastructure; health, education, culture and social infrastructure; sustainable urban development and smart villages. Evidence exists that only limited parts of these investments would happen without the two Funds, even in more developed Member States and regions. In addition, they would not benefit from the framework that is put in place for the Funds, including **multiannual programming**, the **partnership principle** and the establishment of **smart specialisation strategies**.

The European Regional Development Fund also provides funding for a high profile element of European added value – the **INTERREG**

programmes, which support **cross-border, transnational and interregional co-operation** across Europe and enable Member States and regions to work together across borders to address common challenges.

For over 20 years, the European Regional Development Fund has also provided specific funding for cross-border programmes supporting peace and reconciliation in **Northern Ireland and the Border Region of Ireland**. The Commission intends to propose the continuation of these programmes, based on their existing management structures.

2. OBJECTIVES

Over the 2021-2027 period, European Regional Development Fund and Cohesion Fund support will help Member States reduce their economic, social and territorial disparities thanks to interventions focused on five objectives:

- **A smarter Europe:** to promote competitiveness, digital transformation, entrepreneurship and innovation (including inclusive growth and social enterprises), and enhance the business environment as a part of industrial adaptation to the challenges of globalisation, circular economy and climate change;
- **A greener carbon free Europe: clean and fair energy transition,** to enhance energy efficiency; to support transition to low-carbon economy; to stimulate renewable energy; to support innovative use of low-carbon technologies, to support green and blue investment, including in sustainable natural resource management, circular economy, climate adaptation and mitigation;
- **A more connected Europe: mobility, energy and regional ICT connectivity** to develop regional networks and systems to promote sustainable transport, smart energy grids and high-speed digital access in order to enhance regional, local and cross-border connectivity, including security;
- **A more social Europe: implementing the principles of the European Pillar of Social Rights,** in particular life-long learning, education and training infrastructure as well as health, culture and social infrastructure;
- **A Europe closer to citizens: sustainable and integrated development,** through local initiatives to foster growth and socio-economic local development of urban, rural and coastal areas.

3. IMPLEMENTATION & SIMPLIFICATION

The Funds are implemented in partnership with the Member States and their regions through shared management. These partnerships involve a strong mobilisation of national, regional and local stakeholders, as well as

civil society. This ensures ownership of objectives and achievements and brings Europe closer to its citizens. They also contribute to the strengthening of national, regional and local administrations.

A simplified and more effective approach to delivery will be a key element of the proposed new Regulations with the following changes as from 2021:

- Reduced administrative burden through synergies and the alignment of implementing rules across funds, increased cross reliance on audits and the possibility to roll-over existing management and control systems;
- Differentiated implementation via lighter management and control systems for programmes with good track records;
- Flexibility in the form of a mid-term review to adjust, if necessary, the priorities of the last programming years to address emerging priorities, take stock of progress in addressing investment-related guidance issued alongside the Country-Specific Recommendations and performance;
- Increased use of financial instruments including through a voluntary participation in the new InvestEU Fund;
- A focus on results rather than costs.

Higher national co-financing will help increase ownership on the ground as well as the impact of the policy.

A more stable and predictable payment profile over the period will be achieved. Taking into account the importance of commitments remaining to be paid out from the 2014-2020 period, the pre-financing rate will be lowered. Reintroducing the n+2 rule will also lead to better financial management and a faster start to the programming period.

In order to maximise the impact of cohesion policy, physical investments need to be accompanied by soft measures, including upskilling of the labour force. To this end, programmes may combine European Social Fund+, European Regional Development Fund and Cohesion Fund support.

The relative per capita gross domestic product will remain the predominant criterion for the allocation of funds, while other factors such as unemployment, climate change and the reception/integration of migrants will also be taken into account.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the **European Regional Development Fund**, the **Cohesion Fund**; the **European Social Fund+**, the **European Agricultural Fund for Rural Development**, the

European Maritime and Fisheries Fund, the **Asylum and Migration Fund**, the **Internal Security Fund** and the **Integrated Border Management Fund**. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Fund for Regional Development and the Cohesion Fund will be more closely aligned with the **European Semester of economic policy coordination**, which will also reinforce its regional dimension. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short, mid- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programmes) will ensure coordination and complementarity of financing from cohesion policy funds and the new **Reform Support Programme** with regard to the support to structural reforms.

Cohesion policy will increase its concentration on innovation. Complementarities with **Erasmus+** and **Horizon Europe** will also be reinforced through an alignment of relevant rules, a reinforcement of the "seal of excellence" mechanisms and a dedicated ex-ante conditionality. Further development of the smart specialisation strategy concept will continue.

Trans-European transport networks projects will continue to be financed from the Cohesion Fund via both shared management and the direct implementation mode under the **Connecting Europe Facility**. EUR 11 billion of the Cohesion Fund will be transferred to the Connecting Europe Facility for this purpose.

Synergies will be ensured with the **LIFE programme for Environmental and Climate Action**, in particular through LIFE strategic integrated projects, to optimise the uptake of funds supporting environmental investments.

Regarding migration-related challenges, all Cohesion Policy Funds will address long-term needs linked to integration, while the **Asylum and Migration Fund** will focus on shorter term needs.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	273 000
of which:	
European Regional Development Fund	226 308
of which:	
Investment for growth and jobs	215 172
European territorial cooperation	9 500
Outermost regions and sparsely populated areas	1 637
Cohesion Fund	46 692
of which contribution to CEF Transport	11 285

Note: the totals do not tally due to roundings.



INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

European Social Fund+

The European Social Fund+ is the EU's main instrument to **invest in human capital** for sustainable economic development. It **helps people to get better jobs** through upskilling and reskilling, ensures fairer job opportunities for all EU citizens and enhances **social inclusion**. In doing so, it contributes to the 2030 Sustainable Development Goals.

1. EUROPEAN ADDED VALUE

Building on the Treaty-based objectives of access to employment, quality education and social cohesion, EU funding for human capital development is one of the tangible illustrations of EU added-value. Since its creation in 1957, the European Social Fund invests in people promoting better qualifications for more citizens, equality, social fairness and social progress through concrete actions showing to citizens that the EU can empower and protect them. The European Pillar of Social Rights, as proclaimed at the Social Summit in Gothenburg in November 2017 recalled this need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion.

EU funding has a catalyst effect on national interventions to address such crucial employment and social challenges. The European Social Fund also adds value through a broadened support to specific groups (such as youth and the most deprived) while supporting innovation, experimentation, joint transnational cooperation, capacity building and exchanges of good practices. Evidence has shown that for each euro spent at the EU level in employment and social investments, more than three euro are delivered in terms of outcome (increased employment rate, prevention of school drop-outs and poverty reduction). In particular, during the crisis the Fund helped maintain public investment during budgetary consolidation efforts of the Member States.

The latest economic and social crisis emphasized the need to further enhance economic and social resilience and upward social convergence since globalisation, demographic change, new technology and productivity paradigms are changing the way we live and work. The Fund can provide important support addressing these challenges, including through increasing the impact of reforms implemented under the European Semester by providing accompanying funding. Important measures to mitigate the effects of the crisis and increased resilience of

the economy and market institutions would not have been developed without its support.

2. OBJECTIVES

The European Social Fund+ supports the implementation of the principles of the European Pillar of Social Rights. It overcomes the current fragmentation of funding instruments in the social policy area and pool the scope and resources of the European Social Fund+ in its present form, the Youth Employment Initiative, the Fund for European Aid to the Most Deprived, the Employment and Social Innovation Programme and the Health Programme under a single, streamlined comprehensive and more flexible instrument aiming at the following EU priorities:

- Promoting reforms to **improve economic and social resilience and upward social convergence**, the accessibility, resilience and effectiveness of **healthcare systems and public health policies**, notably through streamlined and better alignment of the programming with country specific recommendations within the European Semester process;
- Investing in **education and skills** (notably basic digital skills) to adapt to the current and future needs of the economy, promoting **employment** through active interventions enabling (re)integration into labour markets, notably for youth and long-term unemployed and addressing new health risks related to changing forms of work;
- Specific attention will also be given to the position of **migrants** and their integration into labour markets;
- Promoting **social inclusion**, ensuring a high level of health protection, preventing and combating **poverty and inequality**;
- Supporting labour mobility and social innovation through EU wide partnerships;
- Reducing inequalities in **access to public health and quality health care** among Member States, **protecting people from serious cross-border health threats** by avoiding and countering health crises, empowering health systems with emphasis on their digital transformation, supporting EU health legislation.

3. IMPLEMENTATION & SIMPLIFICATION

Simplified and more effective delivery will be one of the key elements of the European Social Fund+ with three objectives: reducing of administrative burden, ensuring the necessary flexibility to respond to unexpected social challenges and focussing on results rather than costs. Delivery will take place mainly under shared management, but also, to a more limited extent, under direct management. The measures will

translate into faster start-up of the new programmes, leading to a more stable and predictable payment profile throughout the period.

The **reduction of administrative burden** will result from sharing a single rule book aligning implementing rules across European Structural and Investment Funds, reduction of overlaps in target groups and actions, increased cross reliance on audits and a simplified programming framework together with the incentive to roll-over the existing management and control systems.

The European Social Fund+ will improve its flexibility to be more responsive to **unexpected social challenges and unforeseen opportunities**. Funding will have simplified procedures for amending programming choices, introducing financial management rules for the Fund which will allow for standardising costs and thus contribute even more accessibility and flexibility with regard to beneficiaries on the ground.

EU funding will also further shift the focus towards results. The default use of "standard simplified cost options" will facilitate access to EU funding, reducing the costs of controls and focusing programme management on the achievement of outputs and results. New provisions to disburse payments on the basis of results and meeting conditions will help to further improve the delivery of the Fund. Higher national co-financing will also help increase ownership on the ground as well as the impact of the policy.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

There will be common rules for all shared management funds (the Common Provisions Regulation) which will cover the following funds: the **European Regional Development Fund**, the **Cohesion Fund**; the **European Social Fund+**, the **European Agricultural Fund for Rural Development**, the **European Maritime and Fisheries Fund**, the **Asylum and Migration Fund**, the **Internal Security Fund** and the **Integrated Border Management Fund**. This will create a convergence of rules that will enhance coherence and synergies among these Funds.

The European Social Fund+ will be more closely aligned with the **European Semester of economic policy coordination**, which takes regional specificities into account. The detailed analysis of Member States' challenges in the context of the European Semester will serve as a basis for the programming of the funds at the start and at mid-term of the next period. This will serve as the roadmap for the short, mid- and long-term planning and monitoring of the funds. A system of ex-ante conditionalities and macro-economic conditionality will be maintained. Through the European Semester process the Commission and the Member States (notably through their National Reform Programmes) will ensure coordination and complementarity of financing from cohesion policy funds and the new Reform Support Programme with regard to the support to structural reforms.

Adding up to mid/long-term structural interventions from the European Social Fund+, the **European Globalisation Adjustment Fund** will support workers in the face of negative impact of developments linked to globalisation including changes in trading patterns due to third country decisions.

As regards other instruments, enhanced complementarity will allow integrated support for the policy value chain, for instance offering greater possibilities to scale up **Erasmus+** transnational projects into a national policy context through support by the European Social Fund+, in particular for the disadvantaged young people, or joint competitive calls aimed at mainstreaming innovative project results from EU programmes into national policies such as skills and competences curricula developed under **Horizon Europe**. Synergies with the **Digital Europe Programme** will be developed in the area of skill development. In addition, in complementarity with the **Asylum and Migration Fund**, the European Social Fund+ will support long-term integration of third-country nationals including needs linked to integration of relocated third-country nationals. On financial engineering, the **InvestEU Fund** will play a strong complementary role particularly by promoting access to finance through its "social investment and skills" window.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	101 174
of which:	
European Social Fund	100 000
Employment and social innovation	761
Health	413



INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Erasmus+

Erasmus+ equips people, in particular young people, with new knowledge and skills **through study, traineeships, apprenticeships, youth exchanges, teaching, training, youth work and sport activities** all over Europe and beyond. It supports European countries **to modernise and improve their education and training systems** as well as their youth and sport policies.

1. EUROPEAN ADDED VALUE

The programme is built around three key actions: mobility, cooperation and support to policy development. Erasmus+ increases opportunities for people to have a learning experience abroad. It also provides networking and cooperation opportunities as well as capacity building activities within the Union and with third countries. It includes mutual learning and exchange of good practice. It supports innovation in systems and organisations and provides tangible results for participating individuals and institutions.

Action at EU level is essential given the transnational character and scale of these activities. The Erasmus+ Programme guarantees that all Member States benefit from mobility and exchange of good practice while ensuring optimal dissemination of results. EU action on the ground is a way of filling in the missing links, avoiding fragmentation, realising the potential of a Europe without internal borders and improving transparency and comparability of education and training systems throughout the Union. Other schemes funding comparable actions at national level remain significantly smaller both in volume and scope and do not have the capacity to substitute Erasmus+ funding.

The European Pillar of Social Rights, as proclaimed by the three institutions at the Social Summit in Gothenburg in November 2017, recalled the need to put people first and to further develop the social dimension of the Union. It highlighted common principles in the areas of equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. To face the competitive job market, anticipate societal challenges and contribute to resilient economies, people need to be equipped with the right set of knowledge, skills and competences required in a fast changing world.

Therefore, Erasmus+ will support the acquisition of forward-looking knowledge, skills and competence development and build new alliances with relevant stakeholders. Erasmus+ will become a more inclusive programme increasing its accessibility - especially for small scale or grass-root organisations. It will allow more young people, including school

pupils, to travel to another country for learning, including reaching out to those from disadvantaged backgrounds. Promoting awareness of EU matters and fostering active participation in society will help to tackle the lack of understanding of the EU and how it works. The levels of mobility and cooperation at European and international level will also be increased and extended in scope.

2. OBJECTIVES

The general objective of the programme is to support the implementation of EU policy objectives in the field of education and training, youth and sport, thereby contributing to sustainable growth and social cohesion and to promoting EU common values and a sense of belonging to the EU.

For education and training, this translates into the establishment of the **European Education Area** by 2025 in which learning, studying and doing research would not be hampered by borders, implementing relevant EU policies in this field, notably the **New Skills Agenda for Europe**, and following up on the Paris Declaration on promoting citizenship and the common values of freedom, tolerance and non-discrimination through education.

The programme will support and implement actions in accordance with the renewed framework for European cooperation in the youth field, addressing **learning mobility, capacity-building** of the youth sector, **actions to empower young people** to participate and support Member States in developing their national youth systems.

It will help developing the European dimension in sport and foster a European identity by travel experience with Interrail passes for young people.

3. IMPLEMENTATION & SIMPLIFICATION

Building on the successful implementation of the programme so far, the future Erasmus+ will maintain the current basic architecture as an integrated programme that is based on the principle of lifelong learning. Its actions cover several areas such as higher education, vocational education and training, school education, adult learning, youth and sport. The budget of Erasmus+ will be implemented mainly via National Agencies established in each of the Erasmus+ Programme countries as well as, to a lesser extent, by the Education Audio-Visual and Culture Executive Agency and by the Commission.

Erasmus+ will decrease the administrative burden for all by simplifying procedures and processes, optimising electronic tools and making them more inter-operable and user-friendly, by reducing reporting and information obligations and better standardise the implementation of the programmes across National Agencies. Simplification and streamlining of the implementation modalities will facilitate access to Erasmus+. The

delivery mechanism and rules of the international strand of Erasmus+ will also be considerably simplified and streamlined.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The programme complements national and regional actions and allows structured mobility, cooperation and policy support in a truly transnational way.

The significant complementarities between Erasmus+ and other EU instruments, including the **European Social Fund+**, and **Horizon Europe** will be strengthened. In addition, the **European Solidarity Corps** will facilitate the engagement of young people in solidarity activities in full synergy with Erasmus+, as both programmes will be implemented with the support of the Education, Audiovisual and Culture Executive Agency and of national agencies.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	EUR million
Total envelope for 2021-2027	30 000



INVESTING IN PEOPLE, SOCIAL COHESION & EUROPEAN VALUES

Creative Europe

Creative Europe is the EU programme that supports **European culture**, including notably **MEDIA actions**.

1. EUROPEAN ADDED VALUE

Promoting, strengthening and protecting European cultural diversity and cultural heritage and creativity helps to make the EU authentic and tangible in people's day-to-day lives. Culture therefore plays a pivotal role in addressing key societal and economic challenges. Moreover, culture has a strong role in driving innovation, economic growth and job creation. Support to cultural diversity enables artistic and creative freedom and strengthens awareness of a shared European identity. The promotion of cultural values requires competitive and vibrant cultural and creative sectors, in particular the audiovisual industry, in order to reach citizens across Europe, notably in the context of an increasingly integrated Digital Single Market. EU level investment in culture plays a crucial role fostering diverse and inclusive societies, and supports other EU policies through crossovers. Substantially increased added value will be ensured by focusing on areas which complement national and regional funding with a strong cross border dimension, by addressing market failures, and contributing to economies of scale and critical mass.

Mobility of professionals in the cultural and creative sectors, support to emerging talent and the promotion of artists and their works at the international level strengthens the European Union's cross-border cultural performance and its relations on the global scene. Actions to promote audience engagement and cultural participation, and supporting artistic expression strengthen Europe's creative and innovative potential that extends beyond national borders. This is particularly true for enhanced creation, circulation and promotion of culturally diverse and competitive European film content for which further scaling up and consolidating Europe's audio-visual industry is essential.

With regard to the audiovisual industry, actions under the MEDIA strand will strengthen the competitiveness of Europe's creative and audiovisual industry, by supporting the development of European works able to compete with major non-European productions, new technologies for innovative story-telling (such as virtual reality), marketing, promotion, and distribution strategies, as well as accompanying the implementation of the Audiovisual Media Services Directive.

2. OBJECTIVES

The overarching aim of Creative Europe is to sustain open, inclusive and creative societies and to strengthen the competitiveness of the cultural and creative sectors, boosting growth and job creation. The programme aims to:

- Safeguard, develop and promote European cultural diversity and Europe's cultural heritage;
- Support the creation and dissemination of quality and diverse European works, accessed by large audiences across borders;
- Support culture-based creativity in education and innovation;
- Strengthen the cross-border dimension of cultural and creative sectors;
- Improve the competitiveness and innovation capacity of the European creative and audiovisual industry.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will continue to be principally implemented by the Education, Audiovisual and Culture Executive Agency. On the basis of the lessons learnt from the previous generation of programmes, implementation will be streamlined to increase cost effectiveness and reduce administrative burden for example by reducing the number of underlying financial transactions. The Creative Europe Desks will be delivering more streamlined and better focussed communication, dissemination and feed-back on results.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Creative Europe has strong synergies with the **Single Market Programme** as the promotion of culture and media are directly contributing to the implementation of the Digital Single Market strategy. Synergies with **Erasmus+** will be reinforced by more systematically mainstreaming the needs of cultural education and training institutions into the existing and future actions. The **Digital Europe Programme** will support the digital transformation of the cultural heritage sector (e.g. Europeana), thus contributing to the implementation of the #digital4culture strategy. In order to leverage private investment, equity and debt financing will be made available to cultural and creative small and medium-sized enterprises via the **InvestEU Fund**. Under **Horizon Europe**, the cluster on inclusive, resilient and secure societies will support research and innovation activities in the fields of media convergence and culture.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	1 850
of which:	
MEDIA	1 200
Culture	650



AGRICULTURE & MARITIME POLICY

European Agricultural Guarantee Fund & European Agricultural Fund for Rural Development

The Common Agricultural Policy is the core policy of the Union aiming to increase **agricultural productivity**, ensure a **fair standard of living for farmers**, **stabilise markets** and **enhance competitiveness**. A modernised Common Agricultural Policy will need to support the transition towards a fully sustainable agricultural sector and the development of **vibrant rural areas**, providing **secure, safe and high-quality food** for over 500 million consumers.

1. EUROPEAN ADDED VALUE

Europe needs a smart, resilient, sustainable and competitive agricultural sector in order to ensure the production of safe, high-quality, affordable, nutritious and diverse food for its citizens and a strong socio-economic fabric in rural areas. A modernised Common Agricultural Policy must enhance its European added value by reflecting a higher level of environmental and climate ambition and addressing citizens' expectations for their health, the environment and the climate. The global and cross-border nature of the key challenges faced by EU agriculture and rural areas require a common policy at EU level. These challenges are addressed by:

- Securing a single market and level playing field via a common income safety net and avoids potential distortions of competition;
- Shoring up EU farming sector resilience necessary to harness globalisation;
- Delivering on key sustainability challenges like climate change and biodiversity, as well as soil, water and air quality.

A modernised policy will allow maintaining a fully integrated Single Market for agricultural goods in the EU while increasing the emphasis on a sustainable production with increased ambition regards the environment and climate. Disparities in the development of the farming sector will be reduced and crisis preparedness will be increased.

2. OBJECTIVES

The post-2020 Common Agricultural Policy focuses on objectives covering all three dimensions of sustainable farming in the EU:

- To foster a smart and resilient agricultural sector;
- To bolster environmental care and climate action and to contribute to the environmental and climate objectives of the EU;
- To strengthening the socio-economic fabric of rural areas.

It will also need to continue to address societal expectations regarding sustainable food production, in particular concerning food safety, food quality, environmental and animal welfare standards. The policy will reflect a higher emphasis on advice, knowledge transfer and cooperation.

3. IMPLEMENTATION & SIMPLIFICATION

The policy will continue to be implemented primarily under shared management between the EU and the Member States. It will be financed through two funds, the European Agricultural Guarantee Fund and the European Agricultural Fund for Rural Development. A **new delivery model** will be put in place by bringing together the operations under a single programming instrument, the **Common Agricultural Policy Strategic Plan**. Based on a common set of objectives set at EU level and fully respecting the EU's international commitments, Member States will have more room to identify their needs and to define the intervention schemes, provided they are pertinent to achieve the EU specific objectives. Such EU specific objectives shall be aligned with those of other EU policies, such as environment and climate.

The Common Agricultural Policy Strategic Plans will be approved by the Commission if they are consistent and contribute in an adequate manner to the achievement of EU objectives and targets. This new model represents a shift from today's compliance-based policy to a result-oriented policy aimed at delivering on common objectives set at EU level. It will also allow Member States suitable room to cater for specific needs at national or regional level. A set of impact indicators will be used for evaluating the long-term performance of the policy, while common output and result indicators will help to monitor implementation. The new delivery model will entail **a far-reaching simplification of rules for farmers and administrations**.

- Direct payments will remain an essential part of the policy, but they will be moderately reduced and better targeted. Basic income support through direct payments, in particular decoupled payments, will form part of the interventions covered by the Strategic Plan established by Member States.
- Member States will have the option of shifting a part of their allocations of direct payments to rural development and vice versa.

- Currently, 20% of farmers receive 80% of direct payments reflecting a system where payments are linked to land which is concentrated among a minority of farmers.
- A more balanced distribution should be promoted through compulsory capping at farm level (with exemption of cost of labour) or degressive payments decreasing with farm size. The savings will remain in the envelope of the Member State in which they originate for redistributing the support towards rural development or medium and smaller farms.
- Direct payment levels per hectare between Member States will continue to converge (external convergence). For all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of the EU average direct payments will be closed by 50%. This convergence will be financed by all Member States.
- The "greening" as currently applied will be replaced by integrating current cross compliance, green direct payments and voluntary agro-environmental and climate measures into a more targeted, more ambitious yet flexible approach, in view of a higher level of environmental and climate ambition of the Common Agricultural Policy.
- Support for risk management tools including income stabilisation tools will need to be introduced in the Strategic Plans. A new crisis reserve will be established within the European Agricultural Guarantee Fund. Access will be conditional on the set-up of a strategy at national level of appropriate risk management tools (such as insurance type instruments).

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Modernising the Common Agricultural Policy will help develop more synergies and make it more coherent with other EU policies, in particular environment, climate action, regional development and research and development. Higher policy coherence will result in simplification for administrations and farmers alike. A higher environmental ambition cannot be reached without strong support for knowledge, innovation and technology. Successful synergies with **Horizon Europe** will continue to be secured and developed in the cluster on "Food and Natural Resources" whose objective is to make agriculture and food systems fully safe, sustainable, resilient, circular, diverse and innovative. A reinforced focus on developing and using scientific knowledge in EU agriculture is essential for its modernisation and transition to a sustainable future. This is why an amount of EUR 10 billion will be foreseen under Horizon Europe to support research and innovation in food, agriculture, rural development and the

bioeconomy. Synergies will also be ensured with the **LIFE** Programme, the EU Programme for Environment and Climate Action, to optimise the uptake of funds supporting environmental investments. Equally, operational assessments of the state of the agricultural environment and impact of policies can be secured by fostering close synergies with the **Space Programme**.

A simplified framework of EU objectives and basic rules will be common with the other **European Structural and Investment Funds** to the extent possible.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	365 005
of which:	
European Agricultural Guarantee Fund	286 195
European Agricultural Fund for Rural Development	78 811



AGRICULTURE & MARITIME POLICY

European Maritime and Fisheries Fund

The European Maritime and Fisheries Fund is the EU's dedicated programme to support a **sustainable EU fisheries** sector and **the coastal communities** dependent on it.

1. EUROPEAN ADDED VALUE

The global nature of the maritime ecosystem requires the EU to act at international level to protect, conserve and sustainably use the oceans and their resources. EU action is far more efficient and effective than at any individual Member State level. Marine biological resources would soon be depleted without coordinated EU action, having immediate repercussion on the availability of fisheries products and the destruction of the marine ecosystem. The Fund supports the protection of marine biodiversity and ecosystems and helps to boost investments, jobs and growth, foster innovation through research and development and contributes to energy and climate objectives.

Overcapacity of the EU fleet and overfishing is still a problem in many segments and across sea-basins. Structural problems still prevail in the fisheries sector, notably in trans-national sea basins and coastlines covering several Member States, which cannot successfully be addressed acting alone. The Integrated Maritime Policy provides a coherent approach to maritime issues through close coordination and cooperation across sectors.

Promoting the blue economy in fisheries and aquaculture, tourism, ocean energy or blue biotechnology, in coastal communities, at EU level provides real EU added value by encouraging EU governments, industry and stakeholders to develop joint approaches to drive growth, while safeguarding the marine environment.

2. OBJECTIVES

The European Maritime and Fisheries Fund will focus on three objectives:

- **Safeguarding healthy seas and oceans and delivering sustainable fisheries and aquaculture** by reducing the impact of fisheries on the maritime environment while enhancing the competitiveness and the attractiveness of the fisheries sector;
- **Promoting the blue economy**, particularly by fostering sustainable and prosperous coastal communities towards investment, skills, knowledge and market development;

- **Strengthening international ocean governance and the safety and security of maritime space** in areas which are not already covered by the international fisheries agreements.

3. IMPLEMENTATION & SIMPLIFICATION

The programme will be implemented in both shared and direct management. Grants and Financial Instruments will be the main funding tools. In shared management, Member States will be the main actors directly supporting beneficiaries. Direct management will be used to promote innovative policy development with an immediate impact in maritime policy activities and in the field of international ocean governance and maritime security.

The Fund will share a common legal basis with all the **European Structural and Investment Funds**. However, a sector-specific Regulation and a limited set of implementing and delegated acts are foreseen.

Simplified Cost Options (flat rates, lump-sums and unit costs) will be increasingly used to reduce the administrative burden. There will also be a large flexibility for Member States to tailor measure to objectives pre-defined at EU level. In addition, the adoption of e-procurement and e-grant modules in the case of direct management will be promoted, with the possibility to further externalise direct management of funds to executive agencies.

To increase the **flexibility**, the possibility to combine funding between the European Structural and Investment Funds as well as between shared and direct management will be increased. In addition, a larger availability of financial instruments (loans, guarantees) and repayable assistance such as repayable grants at programme level will be the standard for all support towards developing and improving the profitability of enterprises in the fisheries sector. Finally, Member States will have more flexibility in reacting to unforeseen circumstances and addressing changing spending priorities. The Fund will also move towards a **more results-based support model** based on a pre-defined list of detailed measures Member States can choose from. Better information systems based on integrated data frameworks will strengthen the policy impact.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Synergies for the maritime and blue economy will be exploited in particular with the **European Regional Development Fund** for the investment in blue growth sectors and for sea-basin strategy, with the **European Social Fund+** to re-train fishers in acquiring skills and the **European Agricultural Fund for Rural Development** for support to aquaculture. The collaboration and synergies with **Horizon Europe** for marine research and innovation will be achieved, for instance by

supporting small and medium-sized enterprises for the deployment and market replication of innovative solutions for blue growth and by supporting a thematic investment platform for research and innovation in the blue economy. Synergies with LIFE, the EU Programme for Environment and Climate Action, will also be exploited for supporting actions aimed at improving the marine environment, notably as complementary actions for strategic integrated projects. The **InvestEU Fund** will play an important role with financial instruments for market related action, in particular by supporting a thematic investment platform for research and innovation in the Blue Economy.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	6 140



ENVIRONMENT & CLIMATE ACTION

LIFE - Programme for the Environment and Climate Action

LIFE is the EU Programme for the Environment and Climate Action. It focuses on developing and implementing **innovative ways to respond to environment and climate challenges** thereby catalysing changes in policy development, implementation and enforcement.

1. EUROPEAN ADDED VALUE

By their very nature, environmental problems, including climate change, transcend political, legal and man-made boundaries and cannot be adequately solved by Member States alone. EU intervention in the form of a dedicated instrument for environment and climate, including energy efficiency and small-scale renewables, is required to efficiently address such problems, avoid coordination failures, and complement environment and climate mainstreaming across the EU budget with targeted actions. Most environmental assets are public goods that are unevenly distributed across the EU. The obligation to preserve them calls for a consistent application of the principles of responsibility sharing and solidarity. Consistency across the EU on the application of EU environmental and climate legislation and policies as well as the provision of an EU-level platform for sharing best practices and know-how is crucial. Facilitating a clean energy transition contributes to both environmental and climate objectives by contributing to better indoor and outdoor air quality, circular economy and efficiency of resources. It has strong added value by stimulating a competitive and sustainable Union economy. Furthermore, supporting energy efficiency is one of the most cost-effective ways of decarbonising our economy.

2. OBJECTIVES

The programme will contribute to:

- The shift towards a circular, resource- and energy-efficient, low-carbon and climate-resilient economy;
- The protection and improvement of the quality of the environment;
- Conserving nature and halting and reversing biodiversity loss.

The programme will also aim to build capacity, stimulate investments and supporting policy implementation in the fields that are most challenging for a **clean energy transition**.

Programme objectives will be pursued either through direct interventions or through the integration of these objectives in other policies and by enabling the coordinated use of funds available in other EU financial programmes.

3. IMPLEMENTATION & SIMPLIFICATION

The programme is structured around two main fields of actions:

- Environment: Nature and Biodiversity; and Circular Economy and Quality of Life;
- Climate Action: Mitigation and Adaptation; and Clean Energy Transition.

The grants and public procurement part of the LIFE programme will continue to be directly managed by the Commission with the support of an executive agency.

The programme will be simplified in particular as regards the procedures for the applicants/beneficiaries. Novelties also include a greater strategic flexibility and ways to achieve a more balanced territorial coverage.

Financial Instruments for Environment and Climate Action will be implemented in the **InvestEU Fund**, in particular in its Sustainable Infrastructure window.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

The LIFE Programme fits into the EU's existing priorities on environment, climate, energy and associated policies. It is complementary to other EU funding programmes. Synergies will be developed in particular with the **InvestEU Fund**, notably its sustainable infrastructure window, **Horizon Europe**, the **European Regional Development Fund**, the **European Social Fund+**, the **European Agricultural Fund for Rural Development** and the **European Maritime and Fisheries Fund**. To maximise results, the "Seal of Excellence" scheme will be expanded to allow projects successfully evaluated under the LIFE Programme to be funded at regional level under the European Structural and Investment Funds.

LIFE is designed to support demonstrating techniques and best practice that can be replicated and upscaled in larger programmes. LIFE Strategic Integrated Projects mobilise other European, national, regional and private funds for the implementation of key environmental and climate plans (e.g. river basin management plans, clean air plans, etc.). The integration of **clean energy transition support** actions will strengthen the overall programme coherence and synergies in the implementation of the EU environmental, climate and clean energy policies supported by the projects.

All actions undertaken under LIFE will be compatible with the EU's long-term climate and environmental objectives

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	5 450
of which:	
Environment	3 500
Climate	1 950



European Defence Fund

The new European Defence Fund will incentivise cooperative defence capability development projects and complement national investments in defence.

1. EUROPEAN ADDED VALUE

In today's world, guaranteeing security means dealing with threats that transcend borders. No single country can address them alone. Europe will need to take greater responsibility for protecting its interests, values and the European way of life, in complementarity and in cooperation with the North Atlantic Treaty Organisation. Efforts to fulfil the EU's level of ambition in security and defence (endorsed by the European Council in 2016) will contribute to this objective. To be ready to face tomorrow's threats and to protect its citizens, Europe needs to enhance its strategic autonomy. This requires the development of key technologies in critical areas and strategic capabilities to ensure technological leadership. Cooperation at all levels is the only way to deliver on the expectations of EU citizens. By encouraging cooperation, the European Union can help maximise the output and quality of Member States' investment in defence. The European Defence Fund will create EU added value by contributing to the development of joint research and capabilities in the area of defence to increase the efficiency of public expenditure and to develop the operational autonomy of the Union.

While the Union cannot substitute Member States' efforts in defence, it can, within the limits of the Treaties, complement and leverage their collaboration in developing the defence products and technologies needed to address common security challenges. This would reduce duplications and allow for a more efficient use of taxpayers' money. The lack of cooperation between Member States in the field of defence and security is estimated to cost annually between EUR 25 billion and EUR 100 billion. More than 80% of public procurement and more than 90% of Research and Technology are run on a national basis. The European levels of investment in the development and the procurement of future capabilities are insufficient and lag behind the investments of other countries. There is also a wide difference between the defence spending levels among the Member States. In addition, the costs of defence equipment are rising faster than defence national budgets. A high degree of fragmentation remains, with, for example, 178 different weapon systems in Europe compared to 30 in the United States. The low level of

coordination of the national defence planning leads to inefficient use of taxpayers' money and unnecessary duplication. In addition, weak cooperation, fragmentation and systematic duplication of resources affect the deployability and hamper the EU's ability to act and protect.

Benefits of greater cooperation in defence include:

- Increasing efficiency of national defence spending by achieving more value for money;
- Reducing duplication of defence systems;
- Better interoperability of defence equipment allowing for joint defence operations;
- Minimising fragmentation and boosting competitiveness and innovation of the EU defence industry.

2. OBJECTIVES

The European Defence Fund is a defence capability development instrument to foster EU strategic autonomy. It aims to trigger cooperative programmes that would not happen without a Union contribution and to provide the necessary incentives for boosting cooperation at each stage of the industrial cycle, including research and development activities. The objectives of the European Defence Fund are:

- a) fostering the competitiveness and innovation capacity of the defence industry throughout the Union by supporting collaborative actions at each stage of the industrial cycle, notably from the research phase to the development phase;
- b) supporting and leveraging cross-border cooperation between undertakings throughout the Union, including small and medium-sized enterprises, in the research and development of technologies or products in line with defence capability priorities commonly agreed by Member States within the EU through the Capability Development Plan, also taking into account the Coordinated Annual Review on Defence;
- c) supporting collaborative projects throughout the entire cycle of research and development oriented at defence products and technologies.

Particular attention will be given to encouraging collaborative projects with important cross-border participation of small and medium-sized enterprises. This will ensure that the Fund is open to beneficiaries from all Member States, regardless of their size and location in the Union.

3. IMPLEMENTATION & SIMPLIFICATION

The design and the structure of the European Defence Fund takes into account the experience with the Preparatory Action on Defence Research and the proposal for a Regulation establishing a European Defence Industrial Development Programme.

A coherent European Defence Fund covering the research and development activities allows for an integrated, mutually reinforcing support, i.e. avoiding the risk that the results of the research are lost in the absence of continued support for developing and testing the technology further. This will strengthen the uptake of products and technologies which are supported through EU funding. In addition, an integrated Fund will enable new forms of support where relevant, including through pre-commercial public procurement. This will allow identifying the best value for money solutions that the market can deliver to address Europe's defence research and development needs.

Different intensity of support is foreseen depending on the development stage. The funding rates for defence research will be normally higher than the funding rates for the development of prototypes. This will allow for appropriate incentives to support the launch of collaborative projects while taking into account the important role of Member States funding in this area. The rules for participation in the European Defence Fund will take into account the specificity of the defence sector, notably as regards the strict need for security of information, the management of Intellectual Property Rights results, etc.

Particular attention will be placed on ensuring appropriate participation of small businesses, through increased funding rates to encourage cross-border participation of small and medium-sized enterprises in collaborative projects.

The programme will be implemented by the Commission in direct management so as to maximise effectiveness and efficiency in the delivery. Member States will be closely involved in the implementation of the defence programme.

4. COMPLEMENTARITIES & SYNERGIES WITH OTHER POLICIES / ALIGNMENT OF EU WITH NATIONAL AND REGIONAL RESOURCES

Complementarity and synergies with **Horizon Europe** will be ensured, so that results under defence research also benefit civil research and vice-versa. This will help avoiding possible unnecessary duplication.

The European Defence Fund will be coordinated with other activities of the Commission and the High Representative in the area of defence. This will include measures to ensure appropriate synergies with the Commission's work on the Financial Toolbox which aims to further facilitate joint development and acquisition of defence capabilities through the standardisation of EU and national financing mechanisms ranging from pooling to joint ownership. Those synergies will include appropriate

assistance to Member States in launching joint research and development projects.

Close links are ensured between the European Defence Fund and the projects implemented within the framework of the Permanent Structured Cooperation in defence (PESCO). Once assessed eligible, a 'PESCO bonus', in the form of an increased financing rate, will be granted to projects development in the framework of the Permanent Structured Cooperation. It will require early pre-consultation with the Commission to help assess possible eligibility of Permanent Structured Cooperation projects under the Fund.

The Fund will take into account the EU Capability Development Plan and the Coordinated Annual Review on Defence of the European Defence Agency, notably as regards the implementation of priorities and the identification of new cooperative opportunities. Implementation will be done considering relevant activities of North Atlantic Treaty Organisation and other partners.

The Fund also complements defence activities implemented through the **European Peace Facility**, an off-budget instrument proposed outside the Multiannual Financial Framework.

5. PROPOSED BUDGET ALLOCATION FOR 2021-2027

<i>Figures in current prices</i>	<i>EUR million</i>
Total envelope for 2021-2027	13 000
of which:	
Research	4 100
Capability development	8 900

Programme	Budget (2021-2027 current prices)	Link to Horizon Europe
Single Market, Innovation and Digital		
1. Research and Innovation		
Horizon Europe	97.600	-
Euratom Research and Training Programme	2.400	complements Horizon Europe in the areas of health (medical applications of ionising radiation), security, energy and education and training
ITER	6.070	full synergy with the Euratom programme, which supports the development of ground-breaking research in the field of nuclear fusion
2. European Strategic Investments		
InvestEU Fund	14.725	foster investments in R&I, allows blending of financial instruments with grants from H2020
Connecting Europe Facility – Transport, Energy, Digital	24.480	supports the deployment of innovative technologies developed within Horizon Europe
Digital Europe Programme	9.194	progressively mainstreams Horizon Europe breakthroughs in areas of public interest and contributes to their commercial exploitation
3. Single Market		
Single Market Programme	6.089	the programme will encourage small companies to benefit from breakthrough innovation and other solutions developed in Horizon Europe
4. Space		
European Space Programme	16.000	synergies in space-related research and innovation actions

II. Cohesion and Values		
Regional Development and Cohesion		
European Regional Development Fund	226.308	alignment of relevant rules, a reinforcement of the "seal of excellence" mechanisms and a dedicated ex-ante conditionality
Cohesion Fund	46.692	
7. Investing in People, Social Cohesion and Values		
European Social Fund	101.174	calls for mainstreaming innovative project results from Horizon Europe into national policies such as skills and competences curricula
Erasmus+	30.000	complementarities in supporting training and education
Creative Europe	1.850	the cluster on inclusive, resilient and secure societies will support research and innovation activities in the fields of media convergence and culture
III. Natural Resources and Environment		
8. Agriculture and Maritime Policy		
European Agricultural Guarantee Fund	286.195	complementary funding in the cluster on "Food and Natural Resources" whose objective is to make agriculture and food systems fully safe, sustainable, resilient, circular, diverse and innovative
European Agricultural Fund for Rural Development	78.811	
European Maritime and Fisheries Fund	6.140	synergies in marine research and innovation funding
9. Environment and Climate Action		
LIFE	5.450	synergies in environment, climate, energy R&I funding
V. Security and Defence		
13. Defence		
European Defence Fund	13.000	results under defence research also benefit civil research and vice-versa