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NOTE

From:	General Secretariat of the Council
To:	Council
No. Cion doc.:	11770/1/25 REV 1
Subject:	Regulation establishing European Competitiveness Fund (ECF), including specific programme for defence research and innovation *- Partial general approach*

Delegations will find in the Annex the text submitted to the Council (General Affairs) at its meeting on 16 June 2026 with a view to reaching a partial general approach on the proposal for a Regulation establishing the European Competitiveness Fund.

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

All reference amounts are pending the conclusion of negotiations regarding the Multiannual Financial Framework.

The provisions in brackets are excluded from the partial general approach.

ANNEX

2025/0555 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, and amending Regulations (EU) 2021/696, (EU) 2023/588, (EU) 2025/2643

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2), Article 91, Article 100(2), Article 168(5), Article 172, first subparagraph, Article 173(3), first subparagraph, Article 175, first subparagraph, Article 182(4), Article 183 in conjunction with Article 188, second paragraph, Article 189(2), Article 192(1), Article 194(2), Article 212(2) and Article 322(1), point (a), thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,[1]

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

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1 OJ C , , p. .
2 OJ C , , p. .

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

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

(2) The Union is facing a defining period for its future, from a political, economic, social, environmental, climate and security perspective, including increased risks of conventional military threats. The Draghi report entitled 'the future of European Competitiveness'[3] presented a new vision to reignite sustainable growth in Europe. The Letta report[4] outlined that Europe must leverage its Single Market to achieve a leadership position in the global competition. The Commission communication on the Competitiveness Compass[5] provided for a joint roadmap for boosting decarbonisation and competitiveness, building on the recommendations of those reports. The Commission communication on the Clean Industrial Deal[6] outlined the need to accelerate decarbonisation, reindustrialisation and innovation, bringing together climate action and competitiveness under one overarching growth strategy. Sectorial Industrial Action Plans, such as Automotive, Steel and Metals and Chemicals, aim to ensure the long-term competitiveness, sustainability, and resilience of the European industry. The State of the Digital Decade 2025[7] highlights the urgent need to foster cooperation and increase public and private investments for strengthening Union's digital leadership, sovereignty and inclusiveness. The Joint White Paper on European Defence Readiness[8] underlines the need to massively and rapidly reinvest in defence in support of Europe's freedom of action. Attention should be paid to the specific needs emerging from geopolitical challenges causing heightened security concerns.

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

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

5 Competitiveness compass - European Commission

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

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

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

Moreover, the priorities of the European Economic Security Strategy further underline the crucial need to secure the Union's technological edge and de-risk economic relations including by enhancing the resilience of supply chains and thereby reducing dependencies. The European Ocean Pact outlines the need to enhance competitiveness and accelerate the strategic transition across the blue economy sectors, focussing especially on decarbonisation and scaling up innovation. As outlined in the Commission Communication on the road to the next multiannual financial framework ('MFF')[9], the next Union long-term budget needs to be more focused, simpler, more flexible, predictable and better deliver on the Union priorities, including bolstering the Union competitiveness.

(2a) The ECF as a whole should pursue the general objectives as indicated in this Regulation while taking into account the specificities of the activities supported under the ECF.

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

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

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

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

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

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

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

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

(9a) In accordance with Article 182(3) of the Treaty on the Functioning of the European Union (TFEU), the Framework Programme for Research and Innovation is to be implemented through specific programmes which define the detailed rules for their implementation, fix their duration and provide for the means deemed necessary. The ECF includes the specific programme on defence research within the meaning of Article 182(3) TFEU, that implements Regulation (EU) [XXX] [Horizon Europe framework programme for Research and Innovation] with regard to defence research activities.

(10) The Commission should ensure tight coordination and synergies between all Union funding sources in the MFF. For this purpose, the Framework Programme for Research and Innovation should be tightly linked to the ECF in order to ensure that the European industry leverages research results funded by the Union to further innovate and produce in Europe. In order to foster synergies, the work programmes adopted under this Regulation (the 'work programmes') should integrate in a specific and dedicated part and ensure coherence with the 'Competitiveness' component, Part II 'Competitiveness and Society' of the Regulation (EU) [XXX][10] of the European Parliament and of the Council [Horizon Europe Framework programme for Research and Innovation][11] in accordance with the committee procedure set out in this Regulation. The specific objectives and activities defined under the policy windows established by this Regulation may be implemented, where appropriate, through dedicated research and innovation actions. The ECF work programmes, including collaborative research and innovation activities under the policy windows of Chapters IV to VII of the ECF, should be adopted in accordance with the work programme rules for the ECF, including its comitology procedures, to maintain a seamless support to the investment journey. The specific programme for defence research and development should have its own set of rules consolidated in the ECF, with the work programme rules for the ECF applicable to the Support for defence industry policy component, including the Collaborative Defence Research and Development, Innovation and Technological Superiority. Horizon Europe rules, including its rules on evaluation committees and award criteria, should apply to the collaborative research and innovation activities funded under Horizon Europe Pillar II 'Competitiveness' part that should be integrated in a specific dedicated part in the ECF work programmes. As regards association, eligibility to the actions in the specific dedicated part on collaborative research funded under Horizon Europe should be subject to full or partial association to Horizon Europe.

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10 OJ L.., p

11 COM(2025) 543

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

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

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

(13) Cooperation between public and private sectors can benefit European competitiveness and leveraging private investments is necessary to complete the objectives of the ECF. Therefore, it should be possible to implement parts of the ECF budget through European Partnerships together with other partners, public or private actors, where this is the most effective implementation form to achieve the policy objectives, notably for the market deployment activities. This option encompasses partnerships under the MFF 2028 – 2034, as well as partnerships established under the MFF 2021 – 2027 that continue to operate during the transition phase. In view of fostering synergies and efficiencies, European Partnerships should follow a strategic, portfolio-based approach to enhance coherence, ensure complementarity and optimise the use of Union resources, taking into account their contribution to the competitiveness objectives under this Fund. Therefore, a coherent and complementary portfolio of a limited number of European Partnerships should be selected in a transparent, open and competitive process based on a set of quantifiable lifecycle criteria.

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

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

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

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

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

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

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

(21) The competitive strength of the Union lies in its people. The Competitiveness Compass identifies promoting skills and quality jobs as a horizontal enabler. The European Council conclusions of 20 March 2025 highlight that "following the Commission communication of 5 March 2025 on a Union of Skills, further efforts should be made to enhance the acquisition, recognition and retention of skills across the EU, from the building of basic skills to engaging in lifelong learning, reskilling and upskilling, in line with the European Pillar of Social Rights and its Action Plan". A strong dialogue is part of those efforts. Human capital and the promotion of gender equality are key to the sustainable prosperity of the Union, its economic resilience and unique social market economy. It is essential to foster sustainable prosperity, including high quality jobs, by boosting productivity growth, making Union economic sectors more competitive and innovative, attracting additional investments, and supporting a dynamic single market and enhanced economic security. The ECF should contribute to the Union of Skills[12]by supporting the development of a skilled workforce equipped with the specific skills needed in the strategic investment areas of the ECF, through lifelong learning, education, training projects and apprenticeships, and the creation of attractive quality jobs accessible to all and by accompanying ECF investments with skills investment to alleviate skills shortages in the given strategic sector of the ECF. This should include the European Skills Guarantee that enables workers in sectors undergoing restructuring to upskill and reskill, in line with relevant national, regional or sectoral transition strategies. The ECF should support skills intelligence, including skills gap analysis, upskilling and reskilling, and foster public-private partnerships between universities, Vocational Education and Training ('VET') providers, businesses, in particular SMEs, social partners and applied research and technology organisations. It should also be possible to the ECF to support activities of European Universities alliances, including in cooperation with employers, to improve their delivery on innovation and the development of skills and talent.

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

(21a) The ECF should support actions related to environmental protection, climate action, innovation and competitiveness across all areas covered by the LIFE programme under the 2021-2027 MFF, including circular economy, nature and biodiversity, climate mitigation and adaptation, and clean energy transition. ‘LIFE activities’ should preserve the essential features of the LIFE programme, ensuring continued support to bottom-up innovative projects and to all relevant stakeholders regarding clean transition and industrial decarbonisation, and awareness raising on climate and environment to all relevant governance levels.

(22) The ECF should contribute to the objectives of decarbonising the European industry by promoting the development and deployment of clean technologies and their supply chains. The ECF should support the implementation of the EU climate and energy legislation and of the Clean Industrial Deal, turning the clean transition and decarbonisation into a driver of growth and competitiveness of the European industry. To this end, the ECF should support decarbonisation with a technology neutral approach, that encompasses net-zero and low carbon solutions, while recognising the contribution of different technologies to grid balancing and sector coupling, in order to align in particular with the investment needs of energy intensive sectors. Furthermore, it should advance the implementation of the Action Plan for Affordable Energy, ensuring secure, affordable, efficient, renewable and clean energy for all Europeans. The ECF should contribute to the shift towards a decarbonised, circular, resource-efficient, climate-neutral, water-resilient and bio-based economy, including the clean transition of SMEs, for instance within tourism, transport, construction and other economic sectors. It should support sustainable, nature-positive and resilient industrial production in energy-intensive industries in the Union, in line with the objectives of the proposal for the Industrial Accelerator Act. It should support advanced materials in line with the objectives of the forthcoming Advanced Materials Act. It should also support the objectives of the Regulation (EU) 2024/1724 of the European Parliament and of the Council[13] ('Net-Zero Industry Act'), boosting the manufacturing capacity of net-zero technologies and the ramp-up of production capacities and supporting investments in related infrastructure.

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

(22a) To decarbonise the transport sector the ECF should, amongst others, invest, complementing other Union funding instruments, in the development of renewable and low-carbon fuels and electrification. This also includes related infrastructure, such as charging infrastructure, and in mobile assets, including vehicles, vessels such as fishing vessels, aircraft and rolling stock, as well as in the modernisation, automation and digitisation of transport infrastructure, for instance ports, port energy hubs and high-speed rail. These initiatives may support the objectives of EU transport policies, including the development of sustainable transport, the competitiveness and transformation of the automotive industry and relevant industrial value chains, in light of the EU sectoral strategies and action plans.

(23) The ECF should contribute to the protection, restoration and improvement of the quality of the environment, including air, water, coast, sea, land and soil, in order to reduce pollution, halt and reverse biodiversity loss and tackle the degradation of terrestrial, freshwater and marine ecosystems, while enhancing climate and water resilience, including resilience to climate change impacts such as droughts, floods and extreme weather events. The ECF Clean Transition and Decarbonisation window should finance projects that contribute to those objectives.

(24) Projects and activities under the Clean Transition and Industrial Decarbonisation window should support the decarbonisation of European industry, promote the decarbonisation of production processes, energy supply and uptake of renewable and clean energy solutions, energy efficiency, integrated renewable energy, energy system flexibilities, energy storage, energy renovations, and innovative heating and cooling solutions as well as the development of innovative nature-based business models and demand side solutions for clean and decarbonised buildings, transport and industry. Where necessary to achieve the ECF objectives, the ECF should support actions of the roll out component of the New European Bauhaus Facility, in synergy with [FP10: Horizon Europe].

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

(26) The Union has potential to become a global leader in digital technologies. The ECF should promote the development and deployment of digital solutions, infrastructures and capacities across the Union, and the development of advanced digital skills, including cybersecurity skills, for the benefit of the European society and economy. In addition to the support for advanced digital skills in the ECF, a broader adequate level of digital skills, including basic and intermediate skills, should be supported through other programmes of the MFF as those skills are important to underpin Europe’s competitiveness.

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

(28) While the Union's digital transformation is accelerating, the many critical dependencies on non-Union suppliers (from suppliers of raw materials, advanced semiconductors, and AI chips to suppliers of systems, infrastructures and services) require European alternatives that would anchor the digital transformation in Europe's economy, while preserving our shared values as the essential differentiator, including by leveraging the power of open-source technologies, interoperable standards and secure-by-design solutions.

(28a) Support for digital leadership is driven by both regulatory and non-regulatory Union policy initiatives in the digital domain, including but not limited to initiatives such as strategies, action plans, existing and future Union legal acts related to artificial intelligence (such as the AI Act, the AI Continent Action Plan, the Apply AI Strategy, A European Strategy for Artificial Intelligence in Science and the [Cloud and AI Development Act proposal]); interoperability; data and cloud (the Data Union Strategy and the Data Act); digital infrastructure and connectivity (such as [Digital Networks Act proposal], submarine cables and cable connectivity initiatives, the EU Action Plan on Cable Security); digital identity and trust services (eIDAS2 and the [European Business Wallets proposal]); quantum technologies (the EU Quantum Europe Strategy and the [Quantum Act proposal]); cybersecurity (such as the Cyber Resilience Act, the Cyber Solidarity Act, [Cybersecurity Act 2 proposal] and the NIS2 Directive); semiconductors (such as the [Chips Act 2 proposal]); and broader strategic initiatives such as the International Digital Strategy for the Union. Support for digital leadership should be implemented in coherence with the achievement of the targets and objectives of the Digital Decade Policy Programme 2030 established by Decision (EU) 2022/2481 of the European Parliament and of the Council[14].

[14] Decision (EU) 2022/2481 of the European Parliament and of the Council of 14 December 2022 establishing the Digital Decade Policy Programme 2030 (OJ L 323, 19.12.2022, p. 4, ELI: http://data.europa.eu/eli/dec/2022/2481/oj).

(28b) Key technology areas to invest include but are not limited to: artificial intelligence (including AI models, algorithms and tools, AI-powered digital twins, sustainable AI, AI testing and experimentation facilities); high-performance computing and data technologies and infrastructures (including AI factories, AI gigafactories and data spaces); quantum technologies and infrastructures (including computing and simulation, communications, sensing); semiconductors (including microelectronics and photonics, wide bandgap materials and technologies, chip design, process technologies, quantum chips); advanced materials; software technologies and services (including distributed ledger technology); augmented reality and virtual worlds, platforms and media-relevant technologies; robotics (including automation) and additive and digital manufacturing technologies and processes; connectivity technologies and infrastructures (including telco-edge and cloud technologies, internet-of-things, sensing and communication technologies, guidance and navigation technologies, advanced connectivity infrastructures, digital networks, 5G, 6G and other wireless technologies, communication networks - backbone, backhaul and access networks and network resilience, radio spectrum monitoring and spectrum efficiency, submarine cables, advanced underwater observation and repair capacities); new and emerging digital technologies, including hybrid technologies, cross-sectoral digital technologies and applications, including those with dual-use potential; digital infrastructures and services such as EU Digital Identity Wallets and trust services, including [the European Business Wallets], interoperable digital technologies. Cross-cutting areas include: cybersecurity (including post-quantum cryptography, advanced cybersecurity solutions, national and regional Cyber Hubs); advanced digital skills, upskilling and reskilling, specialised skills programmes; take-up and deployment support (European Digital Innovation Hubs, the EU for Business Network); standardisation and interoperability.

(28c) Fostering key digital areas across private and public sectors makes our entire economy more competitive, secure, sovereign, and sustainable, fortifying societal resilience and preparedness. Moreover, interoperable digital technologies are driving the modernisation of the public sector, serving for the integration of the single market, which is our most valuable stepping stone for European digital start-ups and scale-ups to become globally competitive.

(28d) Support for digital leadership should be implemented in particular through the following activities: developing and shaping sustainable core digital technologies; building attractive, competitive and resilient digital ecosystems and strengthening the security of supply; building, developing, modernising, completing and deploying state-of-the-art and sustainable digital applications, infrastructures and services, including trans-European digital networks; supporting the digital transformation and interoperability of public and private sectors; supporting the development, implementation, monitoring and enforcement of relevant Union legal acts and policy; strengthening the Union cybersecurity ecosystem and enhancing the high level of cybersecurity in the Union. For the sake of continuity, and considering that funding is essential for the long-term development and autonomy of the cybersecurity sector, coordination of cybersecurity investments between the Union and the Member States should be ensured at Union level by the European Cybersecurity Industrial, Technology and Research Competence Centre (ECCC) and the Network of National Coordination Centres (NCCs), within the parameters set out in Regulation (EU) 2021/887 of the European Parliament and of the Council[15], or through any other measures that might be undertaken for this purpose.

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[15] Regulation (EU) 2021/887 of the European Parliament and of the Council of 20 May 2021 establishing the European Cybersecurity Industrial, Technology and Research Competence Centre and the Network of National Coordination Centres (OJ L 202, 8.6.2021, s. 1, ELI: http://data.europa.eu/eli/reg/2021/887/oj).

(29) Technological progress and innovation in every economic sector, and thus their productivity and competitiveness are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the ECF in the context of the activities developed in the different policy windows of the ECF.

(29a) Enhancing the high-level of cybersecurity in the Union is fundamental to ensure its resilience and competitiveness. The ECF should therefore both promote cybersecurity-by-design by incorporating cybersecurity measures in all relevant activities as well as support the competitiveness of the Union cybersecurity ecosystem, notably SMEs, start-ups and scale-ups.

(29b) Dependency on third countries high-risk suppliers in critical sectors could pose a strategic risk of foreign interference and jeopardise the Union's security, resilience and sovereignty. The Cooperation Group established under Directive (EU) 2022/2555[16], in cooperation with the Commission and the European Union Agency for Cybersecurity (ENISA), plays a key role in carrying out Union level coordinated security risk assessments of critical supply chains, taking into account technical and, where relevant, non-technical risk factors in accordance with that Directive.

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

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

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

(31a) To enhance the Union's competitiveness, resilience and long-term prosperity, it is necessary to promote an integrated approach that recognises the interdependence between the health of people, animals, plants and ecosystems. The One Health approach, as defined by the One Health High Level Expert Panel (OHHLEP) in 2021, provides for an integrated and unifying framework that aims to sustainably balance and optimise the health of people, animals, plants and ecosystems and to address threats to public health, food systems, biodiversity and the environment, by improving prevention, preparedness and resilience, sustainability and innovation across all relevant sectors. This approach and the possible mobilisation of, and across, related disciplines and levels of governance, should ensure coherent policy responses and enable the Union to safeguard health security, the resilience of health systems, tackle climate change, protect natural resources and biodiversity, safeguard food security, and reinforce the functioning of the single market.

(32) To improve public health and strengthen the competitiveness of the Union, it is crucial to tackle the rise and reduce the burden of communicable and non-communicable diseases through targeted health promotion and disease prevention strategies and continued investments into health systems and the pharmaceutical and medical devices sectors. In line with the objectives of the European Health Union and building up on impactful actions implemented under Regulation (EU) 2021/522 of the European Parliament and of the Council[17], such actions, coupled with capacity-building, the exchange of best practices, actions towards reducing inequalities in health and fostering effective, accessible and resilient health systems, can significantly boost workforce productivity by improving population health and alleviating labour shortages, while also supporting health systems that drive innovation. Making use of health data is essential in those efforts, enabling informed decision-making. Moreover, investments into the health sector, including strategic projects identified in Union legal acts, and fostering responsible innovation that reflects Union values by solidifying and streamlining the evidence-based path from medical breakthroughs to marketable solutions is key to enhancing Union competitiveness and is also beneficial to reinforcing supply security.

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

(32a) The 2021-2027 EU4Health programme has made significant contributions in key areas such as health crisis preparedness and response, health promotion and disease prevention, cancer and rare diseases. To build on the progress made in these areas, the range of actions previously supported under EU4Health and not covered by other programmes of the MFF, should also be considered under the ECF. In particular, for the prevention of, preparedness for, and response to threats that might lead to health emergencies, relevant actions previously supported under EU4Health should continue to be considered under the ECF if they fall within the scope of the specific objectives set out in this Regulation. Those actions should complement actions of a more operational nature for the purpose of health-emergency prevention, preparedness and response carried out under Regulation (EU) [Union Civil Protection Mechanism and Union support for health emergency preparedness and response], which may include activities such as surveillance, rapid deployment of public health measures, reserve capacities, stockpiling and deployment of medical countermeasures, and training and exercises.

(32b) Biotechnology is one of the most promising technologies of this century with the capacity to revolutionise many areas of the economy, including health and healthcare, agri-food, industry, environment, marine and aquatic sectors. Strengthening emerging value chains and providing access to funding, finance and tailored support for, where relevant, healthcare providers, relevant research performing organisations, SMEs, start-ups, scale-ups, spin-offs and innovators is essential to ensure that biotechnology delivers solutions that reflect Union values and contribute to the resilience, sustainability and competitiveness of the Union.

(32c) Agriculture is a strategic sector, fundamental to the Union's food sovereignty, competitiveness and to its economic resilience. It is a core component of food systems, which include the entire chain from production to consumption, covering agriculture, fisheries, aquaculture, the production of food and feed, processing, distribution, retail, consumption and waste, while encompassing the agri-food industry.The agriculture sector faces increasing challenges because of climate change, water scarcity, floods and biodiversity loss, the phenomena which have to be addressed to safeguard the competitiveness of the agriculture sector and the Union's long-term prosperity. Providing agriculture and food producers with the capacity and concrete solutions to transition to a sustainable, climate-neutral, climate-resilient, water-smart agricultural sector, is crucial. This contributes to long-term water quality and security for food and feed production, sustainable use of natural resources and to safeguarding biodiversity. Overall, there is a need to foster the competitiveness, innovation, sustainability, resilience and fairness of the agricultural, fisheries, aquaculture and forestry sectors, as well as rural and coastal areas, ensuring the long-term food security of the Union and safeguarding animal health and plant health.

(33) The bioeconomy is a growth engine that allows Europe to make a success of the green transition, strengthen its competitiveness and strategic autonomy. Although Europe's bioeconomy is already reshaping industrial ecosystems, reinforcing strategic autonomy and unlocking value across strategic sectors, it is crucial to strengthen investments, initiatives and strategies at Union and Member State level to move it from niche to norm across Union sectors and regions, in order to fully realise its potential, particularly for key industries.

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

(35) Fostering the resilience of the European industry and its strategic economic sectors is essential for the Union to remain competitive even in times of crisis and is essential for Union's security. To ensure that resilience, the ECF should support actions aimed to reduce dependencies and diversify supply in strategic sectors such as the critical raw materials sector, thus reinforcing the Union capacities for a secure supply of sustainable critical raw materials along the whole value chain in line with the objectives of the Regulation (EU) 2024/1252 of the European Parliament and of the Council[18]('Critical Raw Materials Act'), underpinning all industry sectors. Pursuing an ambitious and mutually beneficial trade agenda is essential for the Union's ability to diversify its supply chains and effectively reduce dependencies. The European Critical Raw Materials Centre should inform the committee under this Regulation convening as ECF General Committee or Resilience Committee of the implementation of the support for resilient critical raw materials value chains.

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

(36) In addition, the geopolitical context, in particular Russia's unprovoked and unjustified war of aggression against Ukraine, has exposed the Union and the Member States, in particular those having borders with Russia, Belarus and Ukraine, to a high risk of materialisation of conventional military threats, as highlighted in the Eastern border regions communication, thereby creating suboptimal investment situations and making increased investment in defence a priority. Defence industry and space are key ecosystems to ensure the Union's resilience, preparedness and strategic autonomy and increase the Union's defence readiness. It also supports the Union's focus on sustainability, competitiveness, resilience and security and the Union position in the world. A strong European Defence Technological and Industrial Base (EDTIB) is an indispensable prerequisite of defence industrial readiness and capability development. It is also essential for the protection of Union's citizens, ensuring the Union's ability to respond to emerging security challenges, to support Ukraine and to uphold the Union's position as a global actor. The EDTIB is recognised as a strategic asset, contributing to the Union's economic resilience and security, innovation, technological leadership and strategic autonomy. Across the Union and the Member States, the defence sector is evolving rapidly, with cutting-edge technologies and new actors playing an increasingly important role. Innovation cycles are also accelerating, with growing emphasis on rapid prototyping, testing and validation, including in real operational environments. To improve military transport, investments in dual-use transport and logistic capabilities as well as in the protection and resilience of dual-use infrastructure and in fuel storage and accompanying systems need to be developed, taking into account any assessment of their relevance made by Member States or in the context of the CFSP.

The development of fuel storage and accompanying systems should exclude the development and modernisation of new fuel pipeline infrastructures and the extension of existing ones. Coordinated and sustained support to the EDTIB, including through the development of Union-wide defence projects of common interest, is therefore key to reinforcing the defence industrial readiness and the collective security of the Union and the Member States. [In relation to this, actions supporting the reinforcement of the Ukrainian defence technological and industrial base should be also financed, as its industry will be essential to support European increased defence needs.] The support to defence industrial policy under the ECF should be implemented taking into account the objectives of the Strategic Compass for Security and Defence and should be consistent with the defence capability priorities commonly agreed by Member States within the framework of the Common Foreign and Security Policy (CFSP), in particular within the context of the Capability Development Plan (CDP), and with the collaborative opportunities identified in the Coordinated Annual Review on Defence (CARD). Further, the ECF should duly take into account and, where relevant, seek alignment with Member States' cooperation within the framework of the Permanent Structured Cooperation (PESCO) and the European Defence Agency's (EDA) initiatives and projects. The ECF should also duly take into account relevant activities carried out by the North Atlantic Treaty Organisation (NATO), including the NATO Defence Planning Process. The ECF should fully respect the specific character of the security and defence policy of certain Member States.

(36a) Due to specific security and defence considerations, the association of third countries with activities for the support of the EDTIB should be limited to specific third countries and it should be possible to limit it to certain activities. That association of third countries should be based on the objective to further develop and strengthen the EDTIB and should include EEA-EFTA States and Ukraine, due to their close partnership with the Union in industrial defence production and to the fact that Ukraine has directly been faced with Russia's war of aggression. Their participation should be in accordance with the conditions laid down respectively in the Agreement on the EEA and in the EU-Ukraine Association Agreement. Moreover, other third countries with which the Union has entered into a Security and Defence Partnership should also be able to participate in accordance with the general requirements for participation of third countries as well as the specific conditions set out in this Regulation. The participation of those third countries should help to enhance the competitiveness of the Union's defence industry, to ensure security of supply needed for the protection of the security and defence interests of the Union and the Member States, and to support the interoperability of systems and products deployed by the Union's closest partners in this area.

(36b) Member States, associated countries and Ukraine, or a SEAP, should be able to establish, manage and maintain defence industrial readiness pools made up of defence products which Member States, associated countries and Ukraine could easily purchase or use, for the purpose of strengthening the competitiveness of the EDTIB and the reconstruction, recovery and modernisation of the Ukrainian DTIB. Such pools, consisting of stocks of defence products procured from the EDTIB or the Ukrainian DTIB, would attract demand and increase predictability for the defence sector. They would give positive signals to the Union and the Ukrainian industry, incentivising them to produce defence products and to invest for the purpose of strengthening industrial capacities in that sector.

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

(38) Space components under the ECF should provide robust and completely reliable operational services and ensure the availability of those services over defined service areas. The continuity, integrity and resilience of operational services and a high level of security should be ensured, even in the most serious crisis situations, including through award procedures. The disruption of those services could potentially have dramatic consequences for the security of the Union and the Member States. To avoid them, specific provisions regarding, in particular, eligibility and participation conditions and extreme urgency for services to authorised governmental users and for the Public Regulated Service of Galileo should apply. In addition, with a view to protecting the Union's and Member States' security, participation to the Space Surveillance and Tracking sub-component (SST) should be open only to Norway, given its strategic localisation and that its participation could benefit the SST infrastructures.

(38a) Concerning grants awarded in the space sector, experience has shown that user and market uptake work better in a decentralised manner. Existing measures with the highest success rate among new entrants and SMEs, such as vouchers, have been hindered by the ceiling on financial support, which should therefore be raised for the space sector. Moreover, stakeholders in the space sector face specific indirect costs, such as with regard to security or the use of specific test facilities. Therefore, the applicable flat rate of indirect costs should be up to a maximum of 25 % of the total direct eligible costs. In addition, when the European Union Space Services Agency established in accordance with *[EUSPA]* Regulation (EU) xx/xx* ('the Agency') is entrusted with the exploitation of a space component, it should be able to further entrust tasks to other entities, while avoiding unnecessary duplication of work, to ensure efficient implementation.

* OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)

(38b) On [*insert date*], the Council's Political and Security Committee endorsed the High Level Civil Military User Needs for Earth Observation Governmental Services (EOGS), which were prepared by the European External Action Service (EEAS) and with which the military user's requirements identified by the EDA in its Common Staff Target adopted in April 2026 and the civilian user needs collected by the Commission have been merged. Taking those High Level Civil Military User Needs into account, it is necessary to establish technical specifications for the development and implementation of the infrastructure of the EOGS Service through implementing acts. Given the potential impact on the national security interests of Member States and of the CFSP interests of the Union, decisions regarding the development and operations of new Earth observation missions and infrastructure in the context of EOGS require the exercise of implementing powers, which should be conferred to the Council. The Council should decide on a proposal by the Commission, which will be based on a gap analysis. Given the instrumental role of the SatCen in supporting the autonomous decision making of the Union and the Member States, SatCen should be entrusted with the tasks related to operations of EOGS Services and EOGS Data. In line with article 40 TEU and article 4(2) TEU, the definition of access policies, restrictions and prioritisation for the provision of EOGS Services to authorised users should respect the CFSP interests of the Union and national security interests of the Member States. Access by third countries or international organisations to EOGS Services and EOGS Data should be subject to international agreements.

(39) While national security remains a competence of Member States, protecting it requires cooperation and coordination at Union level. The ECF should support the policy goals of a safer, more secure Europe that is better prepared against security threats, in particular by enhancing European industry competitiveness and strategic autonomy, including maritime and customs security, critical energy, transport infrastructure and civil preparedness. To address increasing security threats like terrorism, violent extremism, serious and organised crime, cyber-enabled crime and attacks on critical infrastructure, as well as climate disasters and hybrid threats, the ECF should support Europe's efforts to increase its threat awareness, build its resilience, including the resilience of the critical entities in the meaning of Directive (EU) 2022/2557[19] and of other entities which might be considered of critical importance in case of security threats, boost its security investments and promote its preparedness by design across relevant sectors.

(40) Increasingly, the same technologies are being used for civilian and defence applications, which is often driven by start-ups and innovators. It is therefore imperative to seek measures to better exploit the potential civilian-defence synergies and of dual-use technologies, thereby also contributing to regional security resilience. Dual-use technologies, materials, knowledge, or products that can be used for both civilian and military purposes may be supported across the ECF, to ensure a better connection of the Union's technological industry to its defence industrial base as well as to the technological innovation capital of the Union.

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[19] Directive (EU) 2022/2557 of the European Parliament and of the Council of 14 December 2022 on the resilience of critical entities and repealing Council Directive 2008/114/EC (OJ L 333, 27.12.2022, p. 164, ELI: http://data.europa.eu/eli/dir/2022/2557/oj).

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

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

(43) Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council[20] (the 'Financial Regulation') applies to this Regulation. It lays down the rules on the establishment and the implementation of the general budget of the Union, including the rules on grants, prizes, non-financial donations, procurement, indirect management, financial instruments and budgetary guarantees. In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council[21], Council Regulation (EC, Euratom) No 2988/95[22], Council Regulation (Euratom, EC) No 2185/96[23] and Council Regulation (EU) 2017/1939[24], the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions.

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20 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj).

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

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

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

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

In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) is to carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) is competent to investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council.[25] In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the European Court of Auditors and, as appropriate, to the EPPO, and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

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

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

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

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

(47) The ECF should be open and facilitate synergies with other Union activities that support policy areas closely linked with competitiveness, including the Framework Programme for Research and Innovation, external policies and programmes in shared management with Member States. This should allow for the combination and cumulation of funding for actions supporting the objectives of more than one Union policy area. Without prejudice to the application of the specific rules for the support to defence industry policy, the application of a single set of rules and the signing of a single legal commitment for the entire amount of funding awarded to a project or action by separate programmes should be possible. In any case, the work programmes should specify which rules apply. Cooperation between the Commission and Member States should be established to ensure consistency and complementarities between the ECF and the Regulation (EU) [XXX] [National and Regional partnership plans]. Moreover, support provided under the Regulation (EU) [XXX] [National and Regional Partnership Plans] and under the ECF to projects that have been awarded the Competitiveness Seal should be facilitated, taking advantage of the assessment conducted prior to the attribution of the Competitiveness Seal and without prejudice to the State aid rules. The criteria for awarding the Competitiveness Seal should be designed in a manner that would allow the use of the Competitiveness Seal as a quality guarantee providing assurances to institutional investors that the project has been appropriately vetted. The Competitiveness Seal should be awarded to high quality projects contributing to the objectives of the ECF, including to strategic projects under the Critical Raw Materials Act, Net-Zero Industry Act and Regulation (EU) 2025/102 (‘Critical Medicines Act’) and other strategic projects identified in Union legal acts, and the list of projects that have been awarded the Competitiveness Seal should be made available subject to the applicable rules on publication and confidentiality. It should be possible to implement the ECF jointly with other Union programmes or other co-donors or co-investors, and those co-donors and co-investors should be able to participate in evaluation committees for jointly funded award procedures. The implementation of all those synergy activities should be simple. Reporting and record-keeping requirements for recipients should be reduced, where possible, to a single contractual reporting and payment stream with a single set of rules for all support provided.

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

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

(50) The ECF should be implemented through work programmes, as set out in this Regulation. It should be possible to adopt the work programmes under an annual or preferably multi-annual format, depending on the nature and the objective of the activities. In particular, the multi-annual format should be considered for the purposes of Union support provided for budgetary guarantees and financial instruments, with a view to providing predictability to implementing partners. For the policy windows' contributions to the ECF InvestEU Instrument, the relevant implementing partner(s) may be pre-consulted to ensure their implementability and feasibility. The designated mode of implementation of the ECF reflects the identified needs for directionality, flexibility, predictability and efficiency, required to meet the objectives of this Regulation. In accordance with Regulation (EU Euratom) 2024/2059, the work programmes and the call documents are to set out more technical implementation details for the budget across the set of policies supported by the ECF, including specific eligibility and award criteria depending on the instrument of budget implementation, be it grant or procurement, and the specific policy objectives pursued. In accordance with Article 136 of the Financial Regulation, eligibility restrictions should apply to high-risk suppliers, for security reasons. Where the work programmes lay down award criteria, those should, where applicable, take into account the quality and impact of proposals in light of the ECF objectives as well as the ability of proposals to support the specific activities of the policy windows. The assessment of proposals should be conducted in compliance with the principles of transparency, equal treatment, non-discrimination and proportionality. The work programmes are also the appropriate place to allocate budget in accordance with evolving policy priorities, and they should set out contributions, specific conditions and expected results. The work programmes should address priority areas which contribute most effectively and efficiently to achieving the objectives of this programme.

(50a) SMEs are an integral part of the European economy and an important source of employment and growth potential, but they are also faced with challenges and barriers that could warrant specific attention. To make sure that the needs of SMEs are properly taken into account, the work programmes should describe in a specific dedicated part how they aim to support SMEs.

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

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

(52a) Complementarities and synergies should be ensured between the EIC Fund and the ECF at all stages of implementation. The ECF InvestEU Instrument should be implemented in particular through risk-sharing budgetary guarantees and financial instruments by implementing partners responsible directly or via financial intermediaries for the selection of investments. It should be possible for the ECF InvestEU Instrument to support any economically viable final recipient and investment, at any stage of their development, from start-up (seed financing and early growth) to scale-up, and all technologies, including breakthroughs. It should be possible for Union support transferred to final recipients to take a wide range of forms, e.g. loans, guarantees, quasi-equity and equity investments. The EIC Fund should provide support in the form of direct equity investments to companies. Investment decisions by the EIC Fund should contain an assessment to ensure that the EIC Fund invests in final recipients (typically deep-tech start-ups) that cannot meet all their financing needs from market sources or from the ECF, due to the risk level involved in novel technologies or new markets. It should be possible for the EIC Business Acceleration Services to provide non-financial support to EIC beneficiaries and final recipients, and target their specific needs relating to deep tech and disruptive innovation, while the ECF Project Advisory should be able to provide broader advisory services in support of a broader range of beneficiaries. Synergies should be created so that final recipients of the EIC Accelerator and the EIC Fund could be financed in their scale-up phase by the ECF InvestEU Instrument, in particular the Scaleup Facility, provided they fulfil the relevant conditions. These complementarities should be ensured for example by the cooperation of the Advisory Board under the ECF InvestEU Instrument and the EIC Board.

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

(54) The industrial policy coordination tools (i.e. single market value chains builder calls, EU tech frontrunners, production ramp-up actions and top-ups for important projects of common European interest (IPCEIs), and Accelerated and Targeted Actions for Competitiveness) should be implemented through the work programmes. Strengthening the industrial base of the Union is essential for enhancing the Union's resilience and economic security, ensuring continuity of supply during crises and safeguarding long-term competitiveness especially in strategic sectors. In order to foster resilient Union value chains spanning across multiple Member States, it should be possible for the work programmes to include special value-chains scale up calls that support project preparation, and in particular crowding in private capital and institutional investors as well as public funding in a proportionate manner to integrate suppliers, manufacturers and innovators from different Member States and diversify sources of supply. Value chain calls could contribute to the strengthening of the operation of the single market, including through developing cross-border value chains including SMEs, while avoiding distortions.

(55) In order to foster competitiveness of European industry through industry-driven bottom-up innovation, it should be possible for the work programmes to include special 2-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia. Those consortia should include SMEs to unlock their full potential and enhance the Union's added value, and could include research and innovation partners.

(56) A horizontal, cross-cutting funding toolbox should be set at the service of all policy windows, offering all forms of support allowed under the Financial Regulation, such as financial instruments, including support provided in the form of equity. The choice of the specific funding instrument and in particular whether support is to be repaid or not, should depend on the nature of the actions to be funded (for example underlying market failures, the specific need, the nature of the industry, the stage of development or type of the beneficiary). Union support should de-risk projects to the degree necessary for the private sector to invest and for projects to be successfully delivered. [Co-financing rates should be as low as possible and as high as needed to realise the supported project.] It should be possible to use a mix of funding tools, including blending operations and combination of funding. The ECF should be implemented in a way that ensures that the most appropriate funding tool is used for the specific actions in each work programme, depending on, inter alia, the development stage, the specific industry needs and underlying market failures.

(56a) The ECF General Committee should provide advice on potential actions to support SMEs and start-ups to allow the needs of SMEs and start-ups from all across the Union to be taken into account in the design of actions targeting SMEs. The ECF General Committee should also serve as a forum for facilitating cooperation and information sharing among Member States on issues related to the ECF. The Commission should take the advice provided by the ECF General Committee into account in the implementation of the ECF.

(56b) Member States should be able to provide strategic input at an early stage in the implementation of the ECF on the overall strategic direction for the ECF, taking into account long-term competitiveness trends and areas of market failures. To this end, the ECF General Committee should be able to meet at an appropriate level, before the start of the MFF period and after t+3 years, in order to provide recommendations on the overall strategic direction and priorities for the ECF. To be able to address issues of common relevance relating to collaborative research and innovation, these meetings should include a joint session with the Committee under Article 17b of the [Council Decision – Horizon Europe 2025/0544] under in its advisory role. These meetings should take account of the broader Union political guidance for the period covered by the MFF. To facilitate the discussion, the Commission should provide a multiannual strategic document covering the matters relevant to the ECF, taking into account relevant input, including Member States' views, relevant analyses, foresight studies and evidence-based input from economic, industrial and R&I organisations, where appropriate. This is without prejudice to the annual budgetary procedure, to the comitology procedure for the adoption of work programmes, and to the advisory nature of the ECF General Committee. The recommendations expressed by Member States at those meetings should be taken into account, without committing the Commission, in the implementation of this Regulation.

(57) Feedback from stakeholder communities should be structured via advisory boards and reflected in the design of the work programmes. For this purpose, the ECF Stakeholders Board should provide insights and advise the Commission on policy trends, investment needs and the implementation of the ECF from the perspective of stakeholders, including project promoters, research and industry. Multistakeholder consultations, including those of sectoral experts, researchers and industry, the social partners, as well as investors, end-users and civil society, from SME, small to large organisations, should contribute to the priorities of the work programmes. With this purpose in mind, the Commission should create public collaborative networks in the form of at least one thematic platform per window. Those platforms should allow all relevant stakeholders to provide on a voluntary basis their input on the sectoral issues that, in their opinion, needs to be addressed by the work programmes. The consultations, together with the advice from the ECF Stakeholders Board, should inform the Commission's work on the work programmes.

(58) IPCEIs are a state aid instrument and industrial policy tool assessed by the Commission pursuant to Article 107(3), point (b), TFEU[26]. They contribute significantly to economic growth, job creation, the green and digital transition and competitiveness and resilience of the Union industry and economy. IPCEIs make it possible to bring together knowledge, expertise, financial resources and economic actors throughout the Union and create positive spillover effects for the entire Union. IPCEIs also allow to crowd-in private investments in high-risk projects that are essential to bringing breakthrough innovation closer to industrial deployment and to infrastructures projects of great importance to the Union with open and non-discriminatory access. [Given the commonalities of objectives pursued, the ECF will foster synergies between Union funding and IPCEIs by supporting specific projects integrated within IPCEIs, based on their contribution to Union strategic priorities, such as the resilience of the Union, and on the ability of ECF financing to broaden participation, notably of SMEs, or broaden Member State coverage, as well as increase Union added value.]

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

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

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

(61) To explore all possible venues to improve European competitiveness, the ECF should provide a structured framework for targeted experimentation in the award and implementation of Union support, in particular to better target and accelerate Union award procedures and simplify and accelerate their implementation to the benefit of recipients. This should allow, within a concretely defined frame, to specify on a case-by-case basis certain actions or categories of actions to benefit from certain additions, derogations and exceptions from other Union legal acts and to test the impact in a real-world environment for the limited period of the duration of the ECF while ensuring that appropriate safeguards, in particular a common European interest, are in place. These mechanisms are exceptional in nature. In order to ensure that these mechanisms are reserved for actions of strategic importance to Union competitiveness, their use should be limited to actions of strategic impact where the absence or delay of Union support would result in a material risk to the Union's competitiveness. Recourse to these mechanisms should be duly justified in each case, having regard to the nature, scale and urgency of the action concerned, and the reasons for their use should be transparently communicated, including through the publication in the relevant Annual Activity Report. The application of experimental measures could provide lessons for the assessment of future changes to the horizontal legal framework for the provision of Union support.

(62) Where necessary and duly justified, the ECF should provide a targeted intervention mechanism to deliberately provide Union support to certain actions of strategic and economic importance. Where certain important projects could not be successfully implemented within the timeline for completion of regular competitive award procedures, the ECF should provide for the possibility of directly taking-up excellent projects that remained unfunded under any Union programme or continue to financially support well-working projects seamlessly in their next steps along the investment journey, without imposing additional administrative burden for the recipients. In addition, in line with the approach taken by the relevant sectoral legal acts, such as the Net Zero Industry Act, the Critical Raw Materials Act or Directive (EU) 2023/2413 of the European Parliament and of the Council[27] ('Renewable Energy Directive') and referenced in the Clean Industrial Deal (CID) communication and the Single Market Strategy, it should be possible to identify in separate existing or future Union legal acts cases in which specific projects, such as strategic projects, are considered to be of public interest or presumed to be of overriding public interest.

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

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[27] Directive (EU) 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652 (OJ L, 2023/2413, 31.10.2023, ELI: http://data.europa.eu/eli/dir/2023/2413/oj).

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

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

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

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

(68) The ECF InvestEU Instrument should be implemented by partners, including the European Investment Bank (EIB) Group, international financial institutions, the national promotional banks and institutions as well as export credit agencies. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current Invest EU Fund, the EIB Group should remain a privileged implementing partner under the ECF InvestEU Instrument EU compartment. In addition to the EIB Group, national promotional banks and institutions should be able to offer complementary financial products, given that their experience and capabilities at national and regional level could be beneficial for the maximisation of the impact of public funds on the whole territory of the Union, and for ensuring a fair geographical balance of projects based on an open architecture which should remain a key aspect of the ECF InvestEU Instrument, building on the broad collaboration and experience under the InvestEU Programme. The Commission and the EIB Group should work in partnership with the objective of supporting the implementation of the ECF InvestEU Instrument and fostering consistency, inclusivity, additionality and efficient deployment.

(69) To avoid undue administrative burden and ensure a swift deployment and support to the market in continuity across programming periods, the implementation of the ECF InvestEU Instrument should build on the existing community of implementing partners of the InvestEU Programme that underwent a positive pillar assessment, contractual arrangements and relevant financial products. This Regulation does not affect the validity of existing pillar assessments, which remain valid under the terms set out in the Financial Regulation. Moreover, to ensure sound financial management, a faster roll-out and simplification to entrusted entities, the implementation of the ECF InvestEU Instrument should build on existing agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting tools. This would improve the impact of Union support and allow for more focus on efficiently supporting final recipients. It should be possible for the Commission to rely on and reuse in full or in part the agreements with implementing partners concluded under Regulation (EU) 2021/523, and on assessments made by itself or other entities in the context of agreements concluded under that Regulation.

(70) To provide implementing partners with broader access to the ECF InvestEU Instrument, the Commission should be able to conclude agreements in indirect management with all categories of entities listed under Article 62(1), point (c) of the Financial Regulation.

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

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

(72a) The pillar assessment in the context of this Regulation should be carried out in line with the rules on indirect management set out in the Financial Regulation.

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

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

(74a) The ECF InvestEU Instrument should provide for the possibility to establish a Member State Compartment. The detailed terms and conditions governing the contribution of funds to the Member State Compartment, including the sources, amounts, provisioning rates and modalities of delivery, should be set out in a contribution agreement concluded between the Commission and the relevant Member State for that compartment. For the purposes of the Member State Compartment, representatives from contributing Member States should be invited to participate in the monitoring of the implementation of the activities under the relevant compartment, for example by participating in dedicated parts of the Policy Review Dialogues.

(75) The ECF InvestEU Instrument should serve as a single, centralised place for establishment and management of a budgetary guarantee and all financial instruments contributing to objectives of Union's internal policies. By doing so, it would contribute to improved efficiency and increase policy impact of Union financing. The Commission and the implementing partners should also ensure that new financial products to be established under this Regulation are consistent with State aid rules within the meaning of Article 212(2) of the Financial Regulation to ensure their swift deployment. This has already been done for the financial products established under the Regulation (EU) 2021/523 of the European Parliament and of the Council[28].

(75a) The ECF InvestEU Instrument Investment Committee should build on the well-functioning model of the Investment Committee under the InvestEU Programme. The composition of the Investment Committee should ensure broad coverage of the policy windows by combining sound financial and market expertise with sector specific knowledge. This should be enabled by the presence of permanent members and experts with experience in investment in sectors covered by the policy windows.

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28 Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 30, ELI: http://data.europa.eu/eli/reg/2021/523/oj).

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

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

(77a) In support of the implementation of the ECF and its policy windows, it should be possible for Member States to designate and support the national contact points. The Commission should collaborate with the network of national contact points to stimulate cooperation and facilitate exchange of experience, knowledge and best practice in order to increase the effectiveness of the services provided by the national contact points across the Union. The national contact points should be managed and financed by Member States. It should be at the discretion of Member States to further extend the services of national contact points to national and sub-national level. It should be possible for national contact points to provide, among others, tailored business support services and proposal screening services supporting first-time applicants, as well as targeted support services in strategic areas with the aim to reduce barriers to entry and facilitate successful participation, in collaboration with the ECF Project Advisory, the EU for Business Network and other structures. Capacity building provided to national contact points under the ECF may include activities such as training, learning, workshops and mentoring to enhance their capacities in view of improving support for applicants and stakeholders. Tailored, sector-specific support for capacity building to national contact points, for instance through thematic national contact points' networks, can be provided under the ECF policy windows when it complies with the specific objectives of the relevant policy window.

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

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

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

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

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

(83) [The ECF is to be implemented in accordance with Regulation (EU) [XXX][29] of the European Parliament and of the Council [Performance Regulation] which establishes the rules for the expenditure tracking and the performance framework for the Union budget, including rules for ensuring a uniform application of the principles of 'do no significant harm' and gender equality referred to in Article 33(2), points (d) and (f), respectively, of the Financial Regulation, rules for monitoring and reporting on the performance of Union programmes and activities, rules for establishing a Union support portal, rules for the evaluation of the programmes, as well as other horizontal provisions applicable to all Union programmes such as those on information, communication and visibility.]

(83a) In accordance with the Financial Regulation and the Performance Regulation, the Commission should monitor the implementation of the ECF and its overall performance, including participation trends and the geographic distribution of funded actions across the Union in accordance with Annex II of the Performance Regulation, and inform annually the European Parliament and the Council on the level of implementation of the programme as per Article 9 of the Performance Regulation. Best efforts should be made to ensure that, at the end of the implementation period, excessive and persistent geographical concentration, not justified by the distribution of relevant technological and industrial capacities across the Union, is avoided. The Commission should inform the ECF General Committee on the results of the performance monitoring and of any measures undertaken in case excessive and persistent concentration is identified.

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

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[29] OJ L.., p

(85) In order to achieve the general and specific objectives of the ECF, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of the adoption of ECF InvestEU Instrument investment guidelines and the adjustments to the maximum amount of the budgetary guarantee and the provisioning rate, as well as in respect of certain measures in support of space policy. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making[30]. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(86) In order to ensure uniform conditions for the implementation of the ECF through certain measures set out in the work programmes as well as certain measures in support of space and defence industrial policy, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[31].

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

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

(87) Work programmes implementing chapters III to VIII and other acts implementing the same chapters should be adopted in accordance with Regulation (EU) No 182/2011. The examination procedure should be used for the adoption of certain acts as defined in this Regulation, including the work programmes implementing activities for clean transition, health, biotech, agriculture and bioeconomy, and digital leadership, resilience and security, defence industry and space, given that those acts should be fully supported and create synergies with national and shared management activities conducted by the Member States. For some implementing acts of a technical nature in the area of space the advisory procedure should be used.

(87a) In order to ensure appropriate representation of Member States, the Commission should strive to communicate to Member States, sufficiently in advance of the meetings of the committee configurations, agendas specifying the points for discussion and, if applicable, the points to be voted during the meetings. When relevant, the agendas of the relevant committee configurations should include dedicated items on collaborative research and innovation.

(88) The Commission should adopt immediately applicable implementing acts in duly justified cases where a work programme has not been adopted or needs to be adopted in expedited fashion to immediately react to a crisis or where other similar exceptional and duly substantiated emergencies, imperative grounds of urgency so require.

(89) The ECF replaces the programmes established by Regulations (EU) 2021/522, (EU) 2021/694[32], (EU) 2021/696[33], (EU) 2021/697[34], (EU) 2021/783[35], (EU) 2023/588[36]and amends Regulations (EU) 2021/696, (EU) 2023/588 and (EU) 2025/2643. For the purpose of this Regulation, references to eligibility criteria under Regulation (EU) 2025/2643 should be understood as referring to their respective equivalent in this Regulation.

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

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

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

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

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

HAVE ADOPTED THIS REGULATION:

Chapter I
General Provisions

SECTION 1
OBJECTIVES AND STRUCTURE OF THE FUND

Article 1

[Subject Matter]

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

2. This Regulation lays down:

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

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

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

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

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

Article 2

Definitions

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

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

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

(3) ‘compartment’ means a part of the ECF InvestEU Instrument as set out in Article 24(1) defined by the origin of the resources backing the support;

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

(4a) ‘defence products’ mean any defence-related products as referred to in the Annex to Directive 2009/43/EC of the European Parliament and of the Council[37], as well as works, supplies and services directly related to those products for any and all elements of their life cycle within the meaning of Article 2, point (c), of Directive 2009/81/EC[38];

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

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

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

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37 Directive 2009/43/EC of the European Parliament and of the Council of 6 May 2009 simplifying terms and conditions of transfers of defence-related products within the Community (OJ L 146, 10.6.2009, p. 1, ELI: http://data.europa.eu/eli/dir/2009/43/oj).

38 Directive 2009/81/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of procedures for the award of certain works contracts, supply contracts and service contracts by contracting authorities or entities in the fields of defence and security, and amending Directives 2004/17/EC and 2004/18/EC (OJ L 216, 20.8.2009, p. 76, ELI: http://data.europa.eu/eli/dir/2009/81/oj).

(6b) ‘classified background information’ means any classified data, tangible or intangible, that is held prior to the accession to a given action and identified in written agreement as necessary for implementing that action. Such information shall bear a national classification marking or an EU classification marking;

(6c) ‘classified foreground information’ means any classified result, tangible or intangible, which is generated within a given action under this Regulation;

(7) ‘guarantee agreement’ or 'contribution agreement' means an agreement concluded between the Commission and an implementing partner for the implementation of support under the ECF InvestEU Instrument;

(8) ‘imperative public interest’ means, for the purpose of Article 20, an overriding reason for providing Union support for a certain action or set of actions, due to a clear and significant contribution to the achievement of the policy objectives under Article 3 of the ECF, where the action is of a strategic impact and where the absence or delay of Union support could result in a material risk to the Union's competitiveness, which justifies the application of accelerated and simplified rules to the award;

(9) ‘implementing partner’ means an entity implementing, in indirect management, support under the ECF InvestEU Instrument;

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

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

(12) ‘financing and investment operations’ or ‘financing or investment operations’ means operations to provide finance directly or indirectly to final recipients through financial products, carried out by:

(a) an implementing partner in its own name, provided by the implementing partner in accordance with its internal rules, policies and procedures and accounted for in the implementing partner’s financial statements or, where applicable, disclosed in the notes to those financial statements;

(b) in the context of the ECF InvestEU financial instrument, an implementing partner in its own name or in its own name but on behalf of the Commission, as applicable;

(13) ‘legal entities’ means a natural or legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programme (SEAP) established in accordance with Regulation (EU) 2025/2643 of the European Parliament and of the Council[39], which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of the Financial Regulation;

[39] OJ L, 2025/2643, 29.12.2025, ELI: http://data.europa.eu/eli/reg/2025/2643/oj

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

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

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

(17) ‘Competitiveness Seal’ means a quality label awarded to a proposal submitted to a call for proposals that shows that that proposal meets all the quality requirements set out in the award procedure;

(18) ‘small mid-cap company’ means an entity as defined in the Annex to the Commission recommendation 2025/3500[40];

(19) ‘small and medium-sized enterprise’ or ‘SME’ means a micro, small or medium-sized enterprise as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC[41];

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

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40 Commission Recommendation of 21.5.2025 on the definition of small mid-cap enterprises.

41 Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

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

(21aa) ‘dual-use transport and logistic capabilities’ mean capabilities that can be used for both civilian and military transport purposes; whereas ‘transport capabilities’ means any goods, transport means or personnel, separately or in combination, that can facilitate, enable and execute military transport operations, as well as mobile assets for the repair of strategic dual-use infrastructure, ‘logistic capabilities' means the personnel, equipment, and services that can facilitate, enable, and provide logistic support, including the storage and distribution of fuel, supplies, and other essential commodities;

(21a) ‘dynamic availability management’ means the provision of defence products in time, at the agreed location and to the agreed levels of availability, as well as managing availability risks that could materialise in the form of shortages of the defence product concerned; in this context, ‘availability’ means the ability of the defence product to function faultlessly under defined conditions and to be ready to use when required;

(21b) ‘maintenance of defence products’ means all actions taken to ensure the readiness and operational capability of a defence product, in particular to retain equipment in, or restore it to, specified conditions until the end of its use, including mission readiness, longevity and upgrades, customisation and specialisation, inspection, overhaul, testing, servicing, modifications, classification as to serviceability, repair, recovery, rebuilding, reclamation, salvage and cannibalisation.

(21ba) ‘life cycle of a defence product’ means all possible successive stages of a defence product, from research and development to de-commissioning and disposal;

(21c) 'coordination and support action' means an action for the purposes of capacity building, dissemination of information and of knowledge and awareness raising.

Article 3

Objectives

1. The general objective of the ECF is to strengthen the Union's competitiveness, contribute to productivity growth and the Union's strategic autonomy, resilience and security, by supporting investments that provide Union added value notably in strategic sectors and technologies as well as innovative solutions, along the investment journey by:

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

(b) reducing or preventing the Union’s strategic dependencies and reinforcing the Union’s resilience, sovereignty and economic and energy security, including through diversifying sources and markets, circular use of resources, supporting the ramp-up of the Union's production of strategic technologies and creating, strengthening and safeguarding critical Union value chains and infrastructure, including against all types of threats, including cyber or hybrid threats, such as sabotage or disinformation;

(c) addressing market failures and suboptimal investment situations, in particular by crowding in private capital and institutional investors, as well as public funding in a proportionate manner, ensuring additionality, by avoiding duplication and without crowding out other private or public investors, and serving as an integrated platform for delivering targeted financial support to companies across all development phases, including those actively pursuing manufacturing, industrial and market deployment;

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

(e) aligning research, innovation and industrial policy support to translate Union’s research excellence into Union industrial strength on global markets and securing the future of manufacturing in Europe while fostering an innovative European economy;

(f) developing and strengthening Union cross-border and critical infrastructure essential for the Union’s competitiveness, strategic independence and resilience, in particular for energy, transport, including military transport, digital, security, defence, space, water and social infrastructure and related data and services;

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

(h) promoting quality jobs and addressing shortages of skills critical to all kinds of employment in strategic sectors for Union's competitiveness, through both horizontal and primarily specific skills investment, contributing to the availability of skills in future emerging technologies, and by pursuing to accompany investments with skills investment;

(i) ensuring the integration of the single market and connecting the full competitiveness potential of the Union, including by supporting, at every stage of the investment journey, initiatives that are likely to generate significant innovation, productivity and security gains with positive spill-over effects for the single market and resilience of its value chains;

(k) ensuring a just transition to a sustainable, decarbonised and digital economy that is fair and supportive of workers and communities, contributing to the protection of biodiversity and human health;

(ka) supporting actions for the development, implementation, and monitoring of relevant Union legal acts and policies.

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

(a) For support to Clean Transition and Industrial Decarbonisation, the specific objectives of:

(i) supporting the decarbonisation of European industry, including supporting SMEs and energy intensive industries, clean tech manufacturing and its supply chains and production ramp-up as well as related infrastructure investments, and contributing to the shift towards a sustainable, circular, energy-, water- and resource-efficient, climate-neutral, nature-positive and resilient economy including through environmental policy implementation and in a technologically neutral manner;

(ii) fostering lead markets for clean products, services, processes and technologies;

(iii) the uptake by industries of decarbonisation and circular technologies and other solutions for their industrial processes and activities;

(iv) the decarbonisation of energy supply, promotion of energy efficiency, the uptake of renewable and clean energy solutions, the development of energy system flexibility, the development, resilience, integration and digitalisation of the energy and transport infrastructures and systems, boosting smart mobility, renewable and low-carbon fuels and electrification, as well as boosting the sustainable blue economy;

(v) the development of innovative nature-based and circular business models and demand side solutions for clean decarbonised buildings, transport and industry, enhancing societal climate resilience.

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

(i) For support to health, the specific objectives of fostering innovation and competitiveness of the health sector for the benefit of people and society across the Union while ensuring translation of innovation into practice, supply security and the industrial capacity and capability required to manage public health challenges and future serious cross-border threats to health; improving and protecting public and population health, by prioritising health promotion and disease prevention, developing better diagnosis and treatment across the life span through health-in-all and One Health policies, and by strengthening the innovation, preparedness, sustainability and resilience of health systems and public health authorities;

(ii) For support to biotechnology, the specific objectives of contributing to innovation, development and scalable production and uptake, availability and accessibility of biotechnological solutions, including medicinal products, medical devices, in vitro diagnostic medical devices and medical countermeasures;

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

(iv) For support to agriculture and food security, the specific objective of fostering the competitiveness, innovation, sustainability, and resilience of agriculture, food systems (including food processing), fisheries, aquaculture, forestry, rural and coastal areas and supporting their role in mitigating the climate, environmental and biodiversity crises as well as in safeguarding animal health and plant health.

(c) For support to Digital Leadership, the specific objectives of fostering innovation, competitiveness and sovereignty of the digital sector for a competitive and secure Union, bringing its benefits to citizens and society, public administrations and businesses across the Union. This includes, but is not limited to, supporting the entire scope of the digital sector and value chains in a comprehensive and strategic manner, including support to start-ups, scale-ups and SMEs, with a focus on key digital areas which include, but are not limited, to artificial intelligence, high-performance computing and data technologies and infrastructures, quantum technologies and infrastructures, semiconductors, advanced materials, software technologies and services, augmented reality and virtual worlds, platforms and media-relevant technologies, robotics, additive and digital manufacturing technologies and processes, connectivity technologies and infrastructures, digital infrastructures and services such as digital identity and trust services and interoperable digital technologies, cybersecurity, and new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, in particular by:

(i) developing and shaping sustainable core digital technologies;

(ii) building attractive, competitive, secure and resilient digital ecosystems and strengthening the security of supply;

(iii) building, developing, modernising, completing and deploying state-of-the-art and sustainable digital applications, infrastructures and services, including trans-European digital networks;

(iv) supporting the digital transformation and interoperability of public and private sectors;

(v) supporting the development of advanced digital skills including cybersecurity skills;

(vi) supporting the development, implementation, monitoring and enforcement of relevant Union legal acts and policies;

(vii) enhancing the high level of cybersecurity in the Union; and

(viii) supporting the innovation and competitiveness potential of cultural and creative industries and sectors.

(d) For support to ‘Resilience and Security, Defence Industry and Space’, the specific objectives of:

(1) For support to resilient critical raw materials value chains, the specific objectives of reinforcing Europe's strategic autonomy, economic security and resilience of the Union industry, by:

(a) strengthening the different stages of the critical raw materials supply chain, including the Union's capacity of exploration, extraction, processing, recovering, reusing and recycling of critical raw materials;

(b) diversifying supply sources and markets;

(c) improving the timely availability of such products, including through the reduction of their delivery lead time, reservation of manufacturing slots or stockpiling of products, intermediate products or critical raw materials.

(2) For support to the European Defence Technological and Industrial Base (EDTIB), the specific objectives of:

(a) promoting defence industrial readiness of the Union and the Member States through strengthening the long-term competitiveness, responsiveness and resilience of the EDTIB, including providing support to start-ups, scale-ups and SMEs, and fostering an innovative EU defence industrial ecosystem;

(b) collaborative research and development of defence products and technologies, including disruptive technologies for defence;

(c) cooperation throughout the life-cycle of defence equipment, in particular in defence procurement and for the development of European defence projects of common interest;

(d) adjustment of the EDTIB to structural changes, including its ability to ensure the timely availability and supply of defence products.

(3) For the implementation of EU space systems and space policy, the specific objectives of:

(a) Designing, developing, deploying, operating and maintaining space systems, that provide high quality and up-to-date space-based data, information and services, meet user needs and security requirements and support Union policies and ensuring the evolution of those systems and services;

(b) Maximising the socio-economic benefits of space-based activities, in particular by fostering the development of an innovative and competitive Union space economy and the uptake of space information, data and services, and supporting the development of a genuine internal market for space activities, including collaborative research and innovation for space products and technologies and support to start-ups, scale-ups and SMEs, while supporting companies to grow internationally;

(c) Enhancing the safety, security and environmental sustainability of all outer space activities;

(d) Promoting the role of the Union as a global actor in the space sector and space diplomacy.

(4) For support to civil security industry, the specific objectives of strengthening the competitiveness and responsiveness of the European civil security industry, in the areas of:

(a) Security and resilience of critical and dual-use infrastructure, critical entities, technologies including critical energy infrastructure;

(b) Solutions for the control of goods and persons at borders;

(ba) Protection of borders, maritime security and customs security;

(c) Civil preparedness, prevention and response capabilities against security threats;

(d) Preventing and combating crime, in particular terrorism, violent extremism, serious and organised crime and cyber-enabled crime;

(e) Reinforcing the capabilities of the relevant end-users in the civil security sector, including security practitioners.

Article 4

[Budget]

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

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

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

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

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

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

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

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

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

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

SECTION 2

SINGLE RULEBOOK

Article 5

Additional resources

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

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

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

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

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

Article 6

Alternative, combined and cumulative funding

1. The ECF shall be implemented in synergy with other Union programmes. An action that has received a Union contribution from another programme may also receive another contribution under the ECF, provided that those contributions do not cover the same costs. Without prejudice to the application of the specific rules for the support for defence industry policy, the rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules of any of the contributing Union programmes may apply to all contributions and a single legal commitment may be concluded. If the Union contribution is based on eligible costs, the cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

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

Article 7

Coordination regarding ECF and other Union programmes

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

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

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

Article 8

Competitiveness Seal

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

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

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

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

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

4. Notwithstanding paragraph 1, strategic projects identified in Union legal acts that comply with the conditions referred to in paragraph 1, points (a) and (b), shall be awarded the Competitiveness Seal.

Article 9

Eligibility

1. Eligibility criteria shall be set out to support achievement of the general and specific objectives set out in Article 3 of this Regulation, in accordance with the Financial Regulation and apply to all award procedures under the ECF.

2. Without prejudice to any specific condition or restriction laid down within each policy window or component and being consistent with Article 10, one or more of the following categories of legal entities may be eligible to receive Union support in award procedures under the ECF under direct or indirect management:

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

   (b) entities established in an associated country;

   (c) international organisations;

   (d) other entities established in non-associated third countries only if the funding of such entities is essential for implementing the action and contributes to the objectives set out in Article 3, in particular in specific cases of Union's strategic autonomy and economic security interest.

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

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

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

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

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

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

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

Article 9a

Award criteria

1. In accordance with the Financial Regulation, award criteria set out in the work programmes referred to in Article 15 or in calls for proposals shall reflect, as relevant, the general objectives in Article 3(1) and be based on the following principles:

   (a) The quality of the submitted proposals in the light of the objectives and the priorities set out in the call for proposals. The quality criteria shall include elements such as technical merit, innovative and functional characteristics and capacity to deliver the expected results;

   (b) The impact of the expected results of the proposals on achieving the objectives and the priorities set out in the call for proposals, especially focusing on the Union added value, the contribution to competitiveness, productivity and resilience, and the extent to which the project can overcome financial obstacles such as the lack of market finance or suboptimal investment situations; and

   (c) The ability of the proposals to support specific activities under Chapters III, IV, V, VI and VII, Sections 1, 3 and 4, where relevant considering the nature and the objectives of those activities.

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

3. This Article does not apply to work programmes adopted to implement the activities under Chapter VII, Section 2.

Article 10

[EU Preference]

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

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

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

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

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

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

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

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

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

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

Article 11

Third countries associated to the ECF

1. The ECF may be opened to the participation of the following third countries through full or partial association to the ECF, in accordance with the objectives laid down in Article 3 and applicable to:

(a) members of the European Free Trade Association (EFTA) which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the Agreement on the EEA, as well as European micro-states (Andorra, Monaco, San Marino and the Vatican City), in accordance with the conditions laid down in the relevant agreements;

(b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;

(c) European Neighbourhood Policy countries, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;

(d) other third countries, in accordance with the conditions laid down in a specific international agreement covering the participation of the third country to any Union programme.

2. The agreements for the purpose of participation in the ECF referred to in paragraph 1 shall:

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

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

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

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

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

3. For the purposes of paragraph 2, point (d), the third country shall grant the necessary rights and access required under the Financial Regulations and Regulation (EU, Euratom) No 883/2013 and guarantee that decisions imposing a pecuniary obligation on persons other than States in the meaning of Article 299 TFEU, as well as judgements and orders of the Court of Justice of the European Union, are enforceable.

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

Article 12

Implementation and forms of Union support

1. The ECF shall be implemented through work programmes in accordance with Article 110 of the Financial Regulation. The work programmes shall be annual or multiannual. The implementation of the ECF through multiannual work programmes shall be preferred depending on the nature and the objective of the implemented activities.

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

3. Without prejudice to the rules set out in Article 53a, award procedures under the ECF, shall comply with the general provisions of the ECF as set out in Chapters I and II of this Regulation, which, in case of conflict, shall prevail over any other rules pertaining to the activities or subsequent implementing acts.

4. Where award procedures under the ECF concern more than one specific objective set out in Article 3(2), the work programme may, on the basis of which of the applicable rules are most appropriate to the nature and specific characteristics of the activity in question and, if applicable, which component is predominant, specify that the award procedure is to be implemented under the rules for one of the concerned specific objectives set out in Chapters IV to VII of this Regulation, in addition to the Financial Regulation and the general rules set out in Chapter I and II of this Regulation. For activities falling under the objectives laid down in Article 3(2)(d)(2), the rules laid down in Section 2 of Chapter VII shall apply.

5. In accordance with Article 192 of the Financial Regulation, grants shall be awarded in open and competitive procedures following a publication of calls for proposals, except in the cases referred to in Article 198 of that Regulation, including with point (e).

6. Union support may be provided in every form provided in the Financial Regulation, in particular grants, prizes, procurement, non-financial donations, budgetary guarantees or financial instruments.

7. Where Union support is provided in the form of a budgetary guarantee or financial instruments, including when combined with other forms of non-repayable support in blending operations, it shall be implemented in accordance with Title X of the Financial Regulation.

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

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

10. Contributions to a mutual insurance mechanism set out in Article 30 of the Regulation (EU) [XXX] of the European Parliament and of the Council [Horizon Europe Framework programme for Research and Innovation] may cover the risk associated with the recovery of sums due by recipients and shall be considered as a sufficient guarantee under Article 155 of the Financial Regulation. No additional guarantee or security shall be accepted from beneficiaries or imposed upon them.

11. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through European Partnerships, pursuant to the rules established under Article 11 of the Framework Programme for Research and Innovation, and identified and agreed in close cooperation with Member States.

11a. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia.

12. In addition to the grounds set out in Article 132 of the Financial Regulation, award procedures and resulting legal commitments shall provide for the possibility to terminate a legal commitment where the objectives of the action are unlikely to be achieved at all or within the set timelines, or the action has lost its policy relevance.

Article 13

Protection of EU classified information

1. The Commission shall protect EU classified information ('EUCI') in accordance with the security rules set out in Commission Decision (EU, Euratom) 2015/444[42].

2. Each Member State shall ensure that it offers a degree of protection of EUCI equivalent to the security rules set out in Council Decision 2013/488/EU.[43]

2a. EUCI may be exchanged only with the third countries or international organisations that concluded an agreement with the Union on the exchange and protection of classified information that is in force and applicable.

2b. Subject to paragraph 2a, a natural person resident in or a legal person established in a third country may be given access to EUCI where deemed necessary on a case-by-case basis, according to the nature and content of such information, the recipient's need-to-know and the degree of advantage to the Union.

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

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

2c. Where contracts or grant agreements involve, require or contain EUCI, the relevant contracting or granting authorities shall specify in the call for proposals or tenders, the measures and requirements necessary to ensure the security of such information at the requisite level.

2d. To protect EUCI, the contracting or granting authorities shall ensure that the obligations of the contractors or beneficiaries regarding the protection of EUCI used or created in the performance of contracts or grant agreements are an integral part of those contracts or grant agreements. Contract- and grant-specific security requirements shall be described in a security aspects letter ('SAL'). Where relevant, the programme- or project-specific security requirements shall be described in a programme or project security instruction ('PSI').

2e. To ensure that EUCI is classified in a consistent way, the Commission shall develop Security Classification Guides with the assistance of security experts appointed by the Member States or by associated countries on whose territory the beneficiaries or the contractors are established.

3. Exchange systems that are security accredited by a competent security accreditation authority for the protection of EUCI at the required security classification level shall be used to facilitate the exchange of EUCI with the Member States and, where appropriate, other recipients, including the relevant contractors and beneficiaries.

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

4a. Only Union institutions, bodies, offices and agencies that have established security rules and procedures for handling and storing EUCI that ensure the level of protection equivalent to the one ensured by the Commission or the Council, as applicable, may have access to EUCI. Access to EUCI shall be granted only on a need-to-know basis to an individual who is authorised to access EUCI at the relevant level, where applicable.

Article 13a

Protection of award procedures

1. At all stages of the award procedures under the ECF that involve classified information, administrative information that is non classified and is necessary to evaluate, award or audit Union support, limited to legal, financial and procedural information, shall be handled in accordance with the following rules:

   (a) it shall be considered as covered by the obligation of professional secrecy;

   (b) it shall be accessible only to recipients with a need-to-know;

   (c) its electronic transmission shall be encrypted in accordance with the requirements of the sending entity;

   (d) the users of a Communication and Information System (CIS) handling such information shall be identified before granting them access to a CIS and shall be authenticated at a level of assurance that is appropriate to the level of assessed risk;

   (e) it shall be kept under the control of a liable holder.

SECTION 3

GOVERNANCE

Article 13b

Strategic advisory role of the ECF General Committee

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

   (a) the overall strategic direction and priorities of the ECF, taking into account the general objectives set out in Article 3(1) of this Regulation;

(aa) long-term competitiveness trends, areas of market failures and suboptimal investment situations;

(b) support to SMEs, start-ups and scale-ups, including on facilitating participation of less experienced entities in the ECF;

(c) facilitating cooperation among Member States by leveraging opportunities stemming from their national industrial policies objectives and priorities, including on cross-border cooperation and broadening participation across the Union;

(ca) the need to adjust priorities to evolving economic conditions;

(cb) strengthening the connection between research, innovation and industrial policy to deliver an integrated approach along the investment journey.

2. The ECF General Committee may also exchange information on issues related to this Regulation.

2a. In its advisory role pursuant to this Regulation, the ECF General Committee shall consider among others the orientation included in the acts adopted within the framework of the European Semester, the Annual Single Market and Competitiveness Report, the recommendations provided by the ECF Stakeholders Board and the results from the consultations under the thematic platforms.

3. At its first meeting in its advisory role, the ECF General Committee shall adopt, based on a proposal by the Commission, its rules of procedure to be followed when the ECF General Committee acts in its advisory role.

4. The meetings of the ECF General Committee in its strategic advisory role shall be held as follows:

(i) The ECF General Committee shall hold ordinary meetings in its advisory role at least once a year and additionally on request by a simple majority of Member States. The Commission shall convene the meetings and prepare the agenda, after consulting the members of the ECF General Committee, in accordance with the advisory role of the ECF General Committee pursuant to this Regulation and with its rules of procedure. Joint meetings shall be organised between the ECF General Committee under its advisory role and the strategic configuration of the Committee under Article 17b of the [Council Decision – Horizon Europe 2025/0544] in its advisory role, to address issues of common relevance relating to the collaborative research and innovation activities funded by the 'competitiveness' component of Pillar II of Horizon Europe.

(ii) In addition to the ordinary meetings described in point (i), before the preparation of the first work programmes and three years after the start of the Programme, the ECF General Committee shall hold a strategic meeting at an appropriate level in order to provide recommendations on the overall strategic direction and priorities for the implementation of the ECF in line with the objectives set out in Article 3. For the agenda items addressing issues of common relevance relating to the collaborative research and innovation activities funded by the 'competitiveness' component of Pillar II of Horizon Europe, the meeting shall become a joint session with the strategic configuration of the Committee under Article 17b of the [Council Decision Horizon Europe 2025/0544] acting in its advisory role.

(iii) For the preparation of the strategic meetings referred to in point (ii), Member States shall be able to provide strategic input at an early stage on the overall strategic direction for the ECF taking into account all relevant elements, including long-term competitiveness trends and areas of market failure. The Commission shall prepare an ECF multiannual strategic document on the overall strategic direction and priorities for the ECF, covering also the collaborative research and innovation activities funded by the 'competitiveness' component of Pillar II of Horizon Europe, taking into account the Member States' input as well as relevant analyses and evidence-based input by other stakeholders, as appropriate. This document shall be discussed at the strategic meetings referred to in point (ii).

(iv) The recommendations resulting from the discussion at the strategic meetings referred to in point (ii) shall be taken into account, without committing the Commission, in the implementation of this Regulation.

Article 14

ECF Stakeholders Board

1. An ECF Stakeholders Board is established.

2. The members of the ECF Stakeholders Board shall be appointed by the Commission, following a transparent process and an open call for nominations or for expressions of interest, whichever the Commission finds more appropriate. When appointing the members of the ECF Stakeholders Board, the Commission shall take into account the need for ensuring sectoral balance, with particular attention to strategic sectors, to organisation type, including private investors, representatives from the industry and research and innovation experts, e;g. from academia, and to size, including SME representatives, expertise, gender, age and geographical distribution. The term of members of the Board shall be limited to four years, renewable once. Members of the Board shall act with integrity and probity.

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

4. The ECF Stakeholders Board, informed by an observatory on emerging technologies, shall advise on the overall direction for the ECF by providing advice on:

(a) long-term competitiveness trends and on areas of market failures and suboptimal investment situations that could be addressed in the implementation of the ECF;

(b) the identification of strategic portfolios of projects within and across activities of the ECF.

For the purpose of providing advice pursuant to point (b) of the first subparagraph, the ECF Stakeholders Board may be composed in different policy-oriented configurations.

4a. The advice provided by the ECF Stakeholders Board shall be shared with the ECF General Committee referred to in Article 13b.

Article 14a

Thematic platforms

The Commission shall make available collaborative thematic platforms to ensure that stakeholders are consulted in the development of the work programmes. This may include cross-thematic consultation to ensure coherence between work programmes on issues of horizontal nature, notably on SMEs.

Article 14b

Investment Committee under the ECF InvestEU Instrument

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

6. The Investment Committee shall meet in different configurations, corresponding to the policy windows laid down in Article 1, paragraph 2. The composition of each configuration shall ensure the representation of a broad expertise in the economic and technological sectors concerned by the specific policy window, as well as in the geographic markets in the Union and the global value chains. The composition of the Investment Committee shall be gender-balanced.

6a. The Investment Committee shall perform its duties impartially and in the sole interest of the ECF. The members of the Investment Committee shall not seek or take instructions from the implementing partners, the institutions of the Union, the Member States or any other public or private body.

7. The Investment Committee shall examine the proposals for financing and investment operations, which may take the form of framework operations, submitted by implementing partners for coverage under the ECF InvestEU Instrument and verify their compliance with the applicable rules under the ECF InvestEU Instrument and with the requirements set out in points (a) taking into account the exposure to higher levels of risks that private financial actors are able or willing to accept, (b), (d) and (h) of Article 212(2) of the Financial Regulation. In its examination, the Investment Committee shall take into account the objectives set out in Article 3 and the investment guidelines. Following its examination, the Investment Committee shall decide on the approval of the proposed financing and investment operations for coverage under the ECF InvestEU Instrument.

7a. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the Investment Committee.

Article 14c

Advisory Board under the ECF InvestEU Instrument

7aa. An Advisory Board shall be established under the ECF InvestEU Instrument (the 'Advisory Board').

8. The Advisory Board shall be composed of one representative of each implementing partner and one representative of each Member State. The Advisory Board shall review the performance and impact of the ECF InvestEU Instrument, including the contributions from Member States as foreseen in Article 5(1) and other EU programmes as foreseen in Article 23(2), taking into account information provided by the Commission on an annual basis on the implementation of the ECF InvestEU Instrument, including leverage, multiplier, private capital mobilisation and an assessment of the adequacy of budgetary guarantee's provisioning rate in line with Article 41(5) of the Financial Regulation, and on the project advisory, in view of overall coherence of the ECF. The Advisory Board shall provide advice on the design of financial products, on leveraging private finance to support EU policy priorities and initiatives, including the Scaleup Facility referred to in Article 22, and on the strategic and operational direction in its area of competence, including in relation to investment guidelines, ensuring alignment with Union industrial and competitiveness priorities. It shall also provide advice on the coordination with the EIC to ensure complementarity with other Union funding or private investments. The Advisory Board shall be chaired by a representative of the Commission. The representative of the EIB Group shall be the vice-chair.

9. The Commission shall establish the detailed rules on composition, rules of procedure, including on conflicts of interest and confidentiality, for the Advisory Board.

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

Chapter II
ECF TOOLBOX

SECTION 1
GRANTS, PROCUREMENT AND INDUSTRIAL POLICY COORDINATION TOOLS

Article 15

Work programmes

1. The work programmes referred to in Article 12 shall set out:

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

(b) instruments and forms of funding;

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

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

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

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

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

(h) actions which benefit from the mechanisms set out in Article 20 and the reasons justifying the application of those mechanisms;

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

(hb) where applicable, the use of industrial policy coordination tools as referred to in Articles 16 to 19 of this Regulation, including rules for using those tools in the specific situations;

(hc) where applicable, the specific exceptional and duly justified cases under Article 20(2), points (a), (b) and (c).

1a. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2) and the horizontal activities referred to in Chapter III. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

2. The work programmes adopted in accordance with paragraph 1a shall integrate in a specific dedicated part the collaborative research and innovation activities referred to in Article 15 (3) of [Horizon Europe], and their dedicated budget.

2a. The work programmes shall describe in a specific dedicated part how they aim to support SMEs, including taking into account Article 29 and its tailor-made measures to ensure effective participation of SMEs.

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

Article 16

Single market value chains builder

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

1a. The calls referred to in paragraph 1 shall support both project preparation and crowding in of additional public and, in particular, private capital to integrate suppliers, manufacturers and innovators from different Member States and diversify sources of supply.

1b. The work programme may provide for dedicated calls targeting SMEs or include specific measures to facilitate the participation of SMEs in the consortia, with a view to strengthening cross-border cooperation and broadening participation across the Union. Proposals submitted under such calls shall be assessed on the basis of the criteria set out in Article 9a(1).

Article 17

EU tech frontrunners

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

2. At the first stage of award procedures referred to in paragraph 1, an open, competitive and transparent call for expression of interest for goods, works or services that might contribute to Union competitiveness in general, or in a specified sector, may be published without specification of the kind of activities or the instrument of budget implementation to be used.

3. At the second stage of award procedures referred to in paragraph 2, analysis and crowding in of additional public and, in particular, private capital shall be supported.

4. Proposals and offers submitted in award procedures referred to in paragraph 1 shall be evaluated and ranked based on award criteria in accordance with Article 9a.

5. The evaluation committee referred to in Article 153(3) of the Financial Regulation shall determine the most appropriate instrument of budget implementation, as well as propose the maximum amount and form of the Union contribution.

Article 18

Production ramp-up actions

1. Pursuant to Article 196(2)(a) of the Financial Regulation, financial contributions may in duly justified exceptional cases, where necessary for the implementation of manufacturing projects essential for reinforcing the Union's resilience as referred to in Article 3(1)(b) or for activities required to ensure the security, resilience or service continuity to support the objectives referred to in Article 3(2), point (d), be awarded to actions that started up to 9 months prior to the date of the submission of the proposal for those actions.

2. The work programmes or the documents related to the award procedures shall set out specific conditions to ensure that the support is necessary and proportionate, ensures additionality of financing do not allow for overcompensation and double funding, is temporary, decreases over time and follows competitive and impact-oriented award procedures.

Article 19

[Top ups for IPCEIs]

1. [The ECF may support:

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

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

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

Article 20

Accelerated and targeted actions for competitiveness

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

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

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

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

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

(a) for grants, without prejudice to the use of competitive procedures wherever appropriate in accordance with Article 192(1) and in addition to Article 198 of the Financial Regulation, the work programmes may in exceptional and duly justified cases specify that an award procedure takes the form of a targeted intervention to:

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

(2) identify an action and beneficiaries or a policy area and categories of beneficiaries and set out an amount up to which proposals may be invited for extension of actions under the ECF or other Union programmes in order to continue or add additional activities or entities or to further develop results. Where actions and beneficiaries are not individually identified in the work programme, the reasons for the award of the individual action shall be duly substantiated in the award decision and the list of awarded actions shall be published in the annual activity report referred to in Article 74(9) of the Financial Regulation. The award may take the form of an amendment to the original action by adding new activities and increasing the maximum Union contribution; or

(3) identify, in exceptional cases where none of the other actions foreseen in points (1) and (2) could achieve the objective of the action, an action of justified imperative public interest to the Union and the beneficiaries or categories of beneficiaries which may be invited to submit a proposal without a call. The reasons for the award of the individual action shall be duly substantiated in the award decision and the list of awarded actions shall be published in the annual activity report referred to in Article 74(9) of the Financial Regulation.

(b) by way of derogation from Articles 199, 201 and 203 of the Financial Regulation regarding grants or from Article 170(1), points (b) and (c), and (2) of that Regulation regarding procurement, the work programmes may in exceptional and duly justified cases specify that an award procedure takes the form of an accelerated intervention to:

(1) reduce the requirements for the award decision and signature of legal commitments to a preliminary evaluation of award and exclusion criteria. In such a case, the award decision shall be taken based solely on a self-declaration of applicants and tenderers on selection and eligibility criteria, without requesting corresponding supporting documents during preliminary evaluation; the final evaluation, including of selection and eligibility criteria, and the requests for any relevant supporting documents shall be completed within three months of the signature of the legal commitment; and

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

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

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

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

(2) proposals and offers shall be evaluated and ranked based on award criteria in accordance with Article 9a of this Regulation. The evaluation committee referred to in Article 153(3) of the Financial Regulation shall determine the most appropriate instrument of budget implementation under direct or indirect management, in particular grant, procurement, non-financial donations, contribution agreements or other support, as well as propose the maximum amount and form of the Union contribution;

(3) during the second stage, within the available budget, successfully evaluated projects or offers shall be invited to adjust and complete their proposal or offer in accordance with the conclusions of the evaluation committee referred to in Article 153(3) of the Financial Regulation. The award procedure shall otherwise proceed in accordance with the rules set out in Article 12 of this Regulation, as applicable to the respective instrument of budget implementation.

2a. Award procedures carried out under this Article shall remain exceptional, shall avoid undue distortion of competition and shall not account for the predominant share of the budget allocated under a given work programme. Such procedures shall only be implemented where justified in line with the definition referred to in Article 2(1), point 8, and where the action could otherwise not be effectively implemented, as indicated in paragraph 1, following a clearly identified market failure or suboptimal investment situation, or a situation of critical time-sensitivity, and provided that fair, open and non-discriminatory access for all eligible market participants is ensured.

3. In accordance with paragraph 1, for actions which require the planning, construction and operation of facilities funded under award procedures, the work programmes may determine that, depending on the nature of the action, it is of public interest and might be of imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Council Directive 92/43/EEC[44] and Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council[45], in the interests of defence within the meaning of Article 2(3) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council[46], and in the interests of public health and safety within the meaning of Article 9(1), point (a) of Directive 2009/147/EC of the European Parliament and of the Council[47], in accordance with and under the conditions set out in applicable Union legal acts such as the Net Zero Industry Act, the Critical Raw Materials Act, the Renewable Energy Directive, or the Defence Readiness Omnibus (COM(2022)349) provided that the other conditions set out in those provisions are fulfilled.

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44 Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7, ELI: http://data.europa.eu/eli/dir/1992/43/oj).

45 Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (OJ L 327, 22.12.2000, p. 1, ELI: http://data.europa.eu/eli/dir/2000/60/oj).

46 Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC (OJ L 396, 30.12.2006, p. 1, ELI: http://data.europa.eu/eli/reg/2006/1907/oj).

47 Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7, ELI: http://data.europa.eu/eli/dir/2009/147/oj).

SECTION 2

ECF INVESTEU INSTRUMENT

Article 21

General framework

1. As a horizontal delivery tool for Union internal policies, the ECF InvestEU Instrument shall contain the budgetary guarantee and financial instruments as defined in Article 2, points (9) and (30) respectively, of the Financial Regulation, including when combined with non-repayable support in a blending operation, for the purpose of contributing to the general and specific objectives set out in Article 3. The ECF InvestEU Instrument may be implemented in synergy with other Union or national activities, including through compartments for Member States.

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

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

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

4. Support through the ECF InvestEU Instrument shall be a favoured means of implementation under the ECF. [The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument shall be EUR 17 000 000 000, to be used in support of the general and specific objectives set out in Article 3.] The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument shall be further increased by a portion of the contributions from the indicative amounts for the four policy windows established in Article 4 through the work programmes referred to in Article 15 and other Union programmes. Those contributions shall be at least [Y] % of the combined allocations to policy windows referred to in Article 4(2), points (b) to (e), and shall be utilized for the relevant specific objectives of the respective policy windows set out in Article 3(2). The contributions shall be used for provisioning the budgetary guarantee or financing financial instruments, including those of the Scaleup Facility referred to in Article 22.

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

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

   (a) the provisioning rate shall be assessed every year, taking into account the portfolio risk, and in accordance with the assessment referred to in Article 41(5) of the Financial Regulation, with a specific evaluation of the adequacy of the provisioning rate with respect to the actual risk of the financing and investment operations covered by the ECF InvestEU Instrument;

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

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

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

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

Article 22

Scaleup Facility

2. The Commission shall develop a Scaleup Facility in cooperation with the EIB Group, other international financial institutions and national promotional banks. It shall be implemented by implementing partners.

2a. The Scaleup Facility shall ensure that high-potential European scale-ups developing or deploying innovative solutions are able to access the capital and resources to grow in the Union, thus strengthening the integration of the single market and the Savings and Investment Union.

2b. The Scaleup Facility shall provide, in a coordinated and consistent manner, a comprehensive set of financing tools tailored to the unique needs of scale-ups, including indirect and direct equity and quasi-equity, venture debt, loans, guarantees and blending operations, with a view to attract private investors to support scale up financing and facilitate exit options, and shall prioritise investments that enable industrial scale-up and simplified access for SMEs and small mid-caps.

3. The Scaleup Facility shall intervene where market investors are incapable of providing sufficient financing for European scale-ups, including if needed to protect the Union's strategic assets, interests, autonomy or economic security.

4. The Scaleup Facility shall leverage public investment to catalyse substantial private and institutional capital flows, such as from private equity funds, corporates, pension funds, insurance companies, and other long-term investors, thus deepening Europe’s capital markets and fostering sustainable growth of scale-ups.

Article 23

Exclusivity clause

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

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

Article 24

EU Compartment and Member States Compartment

1. The ECF InvestEU Instrument shall consist of an EU Compartment and a Member State Compartment. Where appropriate, those compartments may be used in a complementary manner, including through a combination of resources in a layered structure to achieve better risk coverage and to ensure a more efficient use of Union and national resources. In the layered structure of the ECF InvestEU Instrument, the resources from the Member State compartment shall be subordinated to the resources from the EU compartment.

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

2a. The Member States Compartment shall address specific market failures or suboptimal investment situations in one or several regions or Member States.

Article 24a

Combinations

1. Support from the EU guarantee under this Regulation, Union support provided through the financial instruments established by the programmes in the previous programming period and Union support from the EU guarantee established by Regulation 2015/1017 and by Regulation 2021/523 may be combined to support financial products implemented or to be implemented by the implementing partners under this Regulation.

2. The EU guarantee may be granted to cover financing and investment operations eligible under this Regulation for the purposes of combinations and it may cover losses in relation to financing and investment operations covered by the combined support.

Article 25

Community of implementing partners

1. The ECF InvestEU Instrument shall be implemented by implementing partners in an open architecture model, including international financial institutions, the national promotional banks and institutions, while acknowledging the special role of the EIB Group. The implementation of the ECF InvestEU Instrument shall build on both new pillar assessed implementing partners and the existing community of the InvestEU Programme pillar assessed implementing partners and it shall, to the extent possible, build on existing contractual arrangements, relevant financial products, guarantee agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting tools.

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

Chapter III
Horizontal activities

Article 26

ECF Project Advisory

1. The ECF Project Advisory shall be made available for repayable and non-repayable instruments. Actions and activities supported under this Chapter shall contribute to the general objective set out in Article 3(1) and shall support and complement, where relevant, activities under Chapters IV, V, VI and VII.

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

(a) investment advisory services, including market development activities in strategic sectors and advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects;

(aa) enhancing the capacity of project promoters and financial intermediaries to implement financing and investment operations and improve the understanding and use of financial instruments to exploit their full potential. Such support may cover any stage of the life cycle of a project or financing of a supported entity;

(b) specialised advisory and business acceleration services targeting project promoters and companies in strategic sectors, including SMEs and small mid-cap companies, start-ups and scale-ups, especially those developing or deploying innovative solutions, supporting and facilitating their access to ECF funding and financing, fostering synergies with other funding sources, facilitating matchmaking with private investors and promoting understanding of the opportunities offered by capital market-based financing;

(ba) support for the generation of project pipelines and the preparation of potential investment projects under the ECF InvestEU Instrument and facilitation of their subsequent development.

3. The ECF Project Advisory shall, where appropriate, cooperate with industrial alliances and European clusters or other relevant European groupings and networks. It shall be available under each policy window, covering all relevant sectors, and may also provide support for cross-cutting actions and general objectives.

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

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

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

Article 27

EU for Business Network

1. The EU for Business Network shall be established.

1a. The objective of the EU for Business Network is to help Union businesses become more competitive and innovate, grow and scale in the single market and beyond, with a particular emphasis on SMEs, start-ups, scale-ups and small mid-cap companies.

1b. The EU for Business Network shall have a Union-wide and geographically balanced coverage, taking into account the specificities of all Member States and types of regions in the Union, including the less developed regions, transition regions, insular areas and the Union outermost regions.

1c. The activities of the EU for Business Network may include business support measures as referred to in Article 28.

Article 28

Business support

1. The ECF shall conduct cross-cutting activities focused on strengthening the competitiveness of the SMEs and achieve additionality at Union level, taking into account existing or new structures and work across Member States, including through the following measures:

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

(b) provision of partnering opportunities and capacity building, including capacity building for national contact points and facilitation of their networking to improve effective participation in the ECF, including for less experienced entities under the ECF;

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

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

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

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

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

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

Article 29

Dedicated SME actions to increase SME participation

Each ECF policy window shall support dedicated SME actions targeting SMEs, start-ups and scale-ups to ensure effective and meaningful participation of SMEs in work programmes, notably through:

(a) tailor-made measures to enhance SME participation across calls ensuring that eligibility criteria and conditions are designed to lower barriers to entry and increase SME participation;

(b) SME-only actions for SMEs in strategic sectors with a view to fostering innovation, business acceleration, commercialisation and scaling-up;

(c) actions under the industrial policy coordination tools of the ECF, with additional SME support measures to ensure an effective and meaningful participation of SMEs, namely under Articles 16, 17 and 19;

(d) policy window contributions to budgetary guarantee and/or financial instruments for SMEs under the ECF InvestEU Instrument referred to in Article 21(4), dedicated for SME financing, in line with the specific objectives of the contributing policy window.

Article 30

Support for skills development

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

Article 31

Access to Union funding

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

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

Chapter IV

Support for clean transition and industrial decarbonisation

Article 32

Specific provisions for support to clean transition and industrial decarbonisation policies

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

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

Article 33

Specific activities to support clean transition and industrial decarbonisation policies

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

   (a) ”LIFE activities”: providing support to bottom-up projects and all relevant stakeholders for the demonstration, testing and market uptake of innovative solutions and for developing best practices in the clean transition and industrial decarbonisation, including circular economy, nature and biodiversity, climate mitigation and adaptation and clean energy transition, as well as awareness raising on climate and environment to all relevant governance levels and stakeholders;

   (b) energy efficiency, flexibility solutions including energy storage and demand-response, domestic transmission and distribution grids, digitalisation of energy systems, integrated renewable energy, energy renovations, heat recovery and reuse, and heating and cooling solutions, systems and services;

   (c) clean and renewable energy and decarbonisation solutions in industry, including electrification of energy intensive industries, renewable and low-carbon fuels, carbon capture, storage and utilisation (CCUS), such as biogenic emissions capture with carbon storage (BioCCS) and direct air capture with carbon storage (DACCS), in hard-to-abate sectors and related infrastructure, and in cities and rural areas, including for energy, transport and buildings;

   (d) sourcing, production, storage, distribution and uptake of renewable and low-carbon fuels and electrification, facilitating decarbonisation of transport and mobility;

   (e) clean, multimodal, interoperable, digitalised, safe and accessible transport and mobility solutions, including mobile assets and infrastructures, systems and operations, and their industrial production and supply chain integration;

(f) supporting the development and deployment of smart mobility, including mobile assets, infrastructure, connected and automated mobility solutions, smart traffic management systems and related services;

(g) clean tech manufacturing and its supply chain, such as scaling up the manufacturing capacity of net-zero technologies and their supply chains, and by ramping up of existing production lines, including through financial support to strategic projects under Regulation (EU) 2024/1735;

(h) strengthening Union capacity in innovation and industrial deployment of advanced manufacturing, advanced materials and technologies substituting or reducing the use of raw materials;

(i) circular economy, including prevention, reuse, repair, remanufacturing, recycling and recovery of materials and products and diversification of supply;

(ia) sustainable solutions for climate action in agri-food and forestry supply chains;

(j) climate and water resilience, water efficiency and ocean health;

(k) pollution prevention, control and remediation, as well as nature-based and other solutions to protect, restore and improve the quality of the environment, including air, water, marine and soil, and to halt and reverse biodiversity loss and to tackle the degradation of ecosystems;

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

(m) sustainability and the clean transition of SMEs;

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

(o) support actions for the development, implementation, monitoring and enforcement of relevant Union legal acts and policies. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, capacity building, including the capacity building of national contact points, conducting studies, and developing and deploying tools and infrastructures, including IT infrastructure and tools;

(oa) supporting the development of measurement capabilities, reference materials and calibration services, including activities that foster traceability, standardisation and industrial deployment, directly related to the activities described in points (a) to (o) mentioned above.

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

Article 34

Complementary rules

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

2. By way of derogation from Article 184(6) of the Financial Regulation, for activities supporting coordination and support actions in the area of energy efficiency and clean energy transition and LIFE activities referred to in Article 33, paragraph 1, point (a) of this Regulation, the authorising officer responsible may authorise or impose, in the form of a flat rate, funding of the beneficiary's indirect costs up to a maximum of 25 % total eligible direct costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.

3. Work programmes shall ensure coherence with the types of actions planned to be implemented under the Innovation Fund referred to in Article 10a(8) of Directive 2003/87/EC[48] and coherence and complementarity with the Regulation (EU)[XXX] [Connecting Europe Facility]

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

[48] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32, ELI: http://data.europa.eu/eli/dir/2003/87/oj.

Article 35

Competitive bidding procedures

1. Award procedures under this Chapter may take the form of competitive bidding procedures. Contracts for difference, carbon contracts for difference, or fixed premium contracts to support decarbonisation investment may be awarded in competitive bidding procedures provided that the financial interests of the Union are protected and the exposure of the Union budget remains limited to a maximum contribution.

1a. Competitive bidding procedures referred to in paragraph 1 may be implemented through, and in accordance with, any of the budget implementation instruments set out in Article 12.

CHAPTER V
SUPPORT FOR HEALTH, BIOTECHNOLOGY, AGRICULTURE AND BIOECONOMY

Article 36

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

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

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

Article 37

Specific activities

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

(a) improving and protecting health, including cross-border health, by prioritising health promotion and disease prevention across the life course, by fostering early detection, diagnosis and treatment, by strengthening innovation, and through health-in-all and One Health policies with a special emphasis on communicable and non-communicable diseases, including mental health, neurodegenerative diseases, cardiovascular diseases, rare diseases, cancer and other diseases, including those related to pollution and climate change, antimicrobial resistance (AMR), sexual and reproductive health and by enhancing global health initiatives and cooperation;

(b) strengthening the efficiency, accessibility, sustainability, innovation and resilience of health systems by reinforcing access to, sharing, use and re-use of health data and digital tools, infrastructures and services, including to support the European Health Data Space, deployment of Artificial Intelligence and digital or robotics based solutions and other innovative approaches in healthcare; advancing the digital transformation of healthcare; enhancing equitable access to and quality of patient-centred, outcome-based healthcare services, with particular focus on public health and healthcare workforce; promoting evidence-based decision-making, (including by supporting Health Technology Assessment); supporting clinical trials, including multi country clinical trials; integrating the work of the European Reference Networks (ERNs); providing digital solutions for monitoring and coordinating; encouraging exchange of best practices, capacity building and integrated work among national health systems, including, where appropriate, actions and networks between competent health authorities, in order to ensure coherence and efficiency across the Union;

(c) fostering development, production capacity, manufacturing and industrial deployment of health technologies, to increase the competitiveness of the health sector, including among others through the development of advanced therapies such as ATMPs (Advanced Therapy Medicinal Product), and strategic projects identified in Union legislation and to ensure availability of Union medicinal products, medical devices, in vitro diagnostic medical devices, critical medicinal products, digital solutions and medical countermeasures relevant for preparedness and response to cross-border threats to health, as well as the competitiveness and resilience of the health sector by ensuring that such products are innovative, safe, accessible, available, and affordable, thereby promoting equitable access across the Union;

(e) protecting people by supporting the development, implementation and monitoring of health security policies to combat serious cross-border threats to health, in cooperation with Member States authorities and stakeholders, as well as coordinating Union, national prevention, preparedness and response plans;

(ea) supporting the discovery, development, derisking, demonstration, piloting and use, and scale-up of biotechnology innovations, accelerating the market introduction and market uptake of biotechnology solutions, strengthening emerging value chains and providing access to finance and other support for among others SMEs, start-ups, research performing organisations, healthcare providers, scale-ups, skilled workforce and innovators;

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

(g) fostering the competitiveness, the innovation, the sustainability, the resilience and fairness of the agriculture, fisheries, aquaculture, and forestry sectors, of food systems including food processing, and of rural and coastal areas. This includes their role in the transition to a climate-neutral, climate-resilient, water-smart, nature-positive economy, the protection of biodiversity and natural resources, in contributing to the long-term water quality and security for food production, and to the long-term food security in the Union, as well as in safeguarding animal health and plant health;

(h) supporting actions for the development, implementation, monitoring and enforcement of relevant Union legal acts and policies. This includes supporting the relevant institutions, the cooperation between national authorities and with stakeholders, capacity building, including the capacity building of national contact points, studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

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

CHAPTER VI
SUPPORT FOR DIGITAL LEADERSHIP

Article 38

Specific provisions for support to digital leadership policy

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

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

Article 39

Specific activities to support digital leadership policy

2. Support for Digital Leadership shall be implemented in particular through the following activities:

   (a) Developing and shaping sustainable core digital technologies, products and services that reflect Union values, including by research and innovation, applied research, technology transfer, industrial deployment, and market uptake.

(b) Building attractive, competitive, secure and resilient digital ecosystems including for disruptive innovative companies, SMEs, start-ups and scale-ups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through procurement and standardisation, as well as strengthening the security of supply of advanced digital technologies and services by supporting needed capacities, including production capacity, and advanced digital skills.

(c) Deploying state-of-the-art, secure and sustainable digital applications, infrastructures and services across the Union, with cybersecurity-by-design and cybersecurity-by-default principles embedded throughout their lifecycle, including through actions to research and innovate, develop, produce, manufacture, build, modernise, complete or deploy advanced digital infrastructures, trans-European digital networks and secure and interoperable digital public infrastructure at scale and across borders that act as key enablers of the digital transformation that support societal resilience and preparedness, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and exploit untapped potential to create a domestic market for advanced digital technologies in accordance with Article 10.

(d) Supporting the Union's digital transformation of public and private sectors, including cross-border interoperability and integration of services and the support for the development and the circulation of advanced digital skills which include cybersecurity skills, providing the necessary support to accelerating and deepening the uptake and deployment of digital solutions across the private sector with a focus on complex technologies, and to digitalisation of the public sector including ensuring cohesive Union-wide interoperable digital public services maximising efficiency for businesses and citizens.

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

3. Activities under this Chapter shall support the development, innovation, deployment, and procurement of advanced cybersecurity capacities, infrastructures, products, services, technologies and capabilities, with a view to strengthen the European cybersecurity ecosystem and to ensure the resilience and security of critical infrastructures, digital supply chains, as well as to further strengthen Union cybersecurity preparedness and situational awareness of the threat landscape and to improve detection capacities and incident response capabilities. These activities shall also support the competitiveness of the Union cybersecurity industrial base, cybersecurity skills development and improve the cyber maturity of the European industrial basis, including SMEs.

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

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

Article 40

Specific activities to support resilience, security, defence industry and space

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

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

Article 41

Space and defence synergies

1. A Space and Defence Advisory Board is set up.

1a. The Space and Defence Advisory Board may advise the Commission on the coordination, coherence and complementarity between space activities and defence industry activities as laid down in Article 3(2)(d), sub-points (2) and (3), on priorities and on related forms of Union support to increase efficiency of investments and effectiveness of results.

1b. The members of the Space and Defence Advisory Board shall be appointed by Member States and the Board shall adopt its own rules of procedure. Representatives of the EEAS and relevant Union agencies, such as EDA, may be invited to attend as observers as well.

SECTION 1

SUPPORT FOR RESILIENT RAW MATERIALS VALUE CHAIN POLICIES

Article 42

Specific activities to support resilient critical raw materials value chain policies

1. Support for resilient critical raw materials value chain policies shall be implemented in particular through the following activities:

   (a) supporting the strengthening of the Union capacity in exploration, extraction, processing, recovering, reusing and recycling of critical raw materials;

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

   (c) providing financial support to strategic projects under the Critical Raw Materials Act;

   (ca) supporting actions for the development, implementation, monitoring and enforcement of relevant Union legal acts and policies, including for capacity building of national contact points.

2. Support implemented through the activities referred to in paragraph 1 may be provided in any form, including through collaborative research and innovation activities set out in the Framework Programme for Research and Innovation [REF] and identified in a specific dedicated part of the work programme.

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

SECTION 2

SUPPORT FOR DEFENCE INDUSTRY POLICY

Article 44

Specific activities to support defence industry policy

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

(a) Supporting the deployment of European Defence Projects of Common Interest as referred to in Article 45;

(b) Supporting Defence Research and Development, Innovation and Technological Superiority as referred to in Article 46;

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

(ca) Supporting to enablers related to the Union-wide market for defence equipment as referred to in Article 47a;

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

(e) Supporting military transport as referred to in Article 49;

(ea) Supporting innovative and scalable activities for all stages of the life-cycle of defence products, as referred to in Article 49a.

3. Union support implemented through the activities referred to in paragraph 1, may be provided in any form provided by Regulation (EU, Euratom) 2024/2509. Such support may cover collaborative research and innovation activity support for single entities.

3a. The activities referred to in paragraph 1 shall be pursued with an emphasis on consistency with strategic guidance of the European Council, the objectives of the Strategic Compass for Security and Defence, the defence readiness agenda and with the capability priorities identified in the context of CFSP, including the Capability Development Plan (CDP) and the collaborative opportunities identified in the context of the Coordinated Annual Review on Defence (CARD). The ECF shall duly take into account the Member States' cooperation within the framework of the Permanent Structured Cooperation (PESCO), the European Defence Agency (EDA) initiatives and projects, as well as relevant activities carried out by the North Atlantic Treaty Organization (NATO), such as the NATO Defence Planning Process.

Article 45

European Defence Projects of Common Interest

1. European Defence Projects of Common Interest (EDPCIs) shall consist of collaborative industrial projects aimed at reinforcing the competitiveness of the EDTIB throughout the Union while contributing to the development of Member States' military capabilities critical for the security and defence interests of the Union and the Member States, including those capabilities securing access to all operational domains, namely land, maritime, air, space and cyber.

2. The Council, acting upon a proposal from the Commission, may adopt implementing acts updating or identifying EDPCIs acting by qualified majority. The Council may amend the proposal from the Commission acting by qualified majority.

2a. Member States shall coordinate to prepare project proposals for possible EDPCIs in an inclusive way, with the support of the EDA where necessary.

2b. Before proposing the implementing acts as referred to in paragraph 2, the Commission shall verify the compliance of the project proposals referred to in paragraph 2a with all the criteria listed in paragraph 4 and:

(a) consult Member States in an inclusive manner and take into account their views and project proposals for possible EDPCIs;

(b) invite the High Representative of the Union for Foreign Affairs and Security Policy (the 'High Representative') and the EDA to provide their expertise with a view to ensuring consistency with the priorities and objectives referred to in paragraph 4(b), in particular the defence capability priorities commonly agreed by Member States within the framework of CFSP, in particular as jointly expressed in the context of the CDP, to complement the information provided by Member States regarding project proposals; and

(c) verify that all Member States and associated countries were informed of the emergence of a project and were given the opportunity to participate.

3. In the implementing acts referred to in paragraph 2, the Council shall:

(a) set out the objectives and characteristics of the EDPCI in relation to the criteria set out in paragraph 4;

(b) estimate the overall financial size of the EDPCI; and

(c) establish the list of countries participating in the EDPCI at the date of the adoption of the implementing act.

4. An EDPCI shall meet all the following criteria:

(-a) the project significantly strengthens the competitiveness, efficiency and innovation capacity of the EDTIB, in particular by contributing to the establishment of new or the broadening of existing cross-border cooperation, including with SMEs and mid-caps, by creating positive spill-over effects in the internal market, by significantly contributing to market integration and reduction of market fragmentation, by improving the interoperability and interchangeability of defence products, and by aiming to reduce strategic dependencies, including by means of supply diversification and scaling up capacities;

(a) the project involves at least four Member States, and all Member States and associated countries are given a genuine opportunity to participate in the EDPCI;

(b) the project contributes to the development of Member States' military capabilities critical for the security and defence interests of the Union and are consistent with the objectives of the Strategic Compass for Security and Defence, with the defence capability priorities commonly agreed by Member States within the framework of the CFSP, in particular in the context of the CDP, and with the collaborative opportunities identified in the context of CARD; they take into account Member States' cooperation in the framework of PESCO and EDA initiatives and projects; they take into account the relevant activities carried out by NATO, such as the NATO Defence Planning Process, where such activities serve the security and defence interests of the Union;

(c) the benefits of the project extend to a wider part of the Union;

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

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

4a. The deployment of an EDPCI which is eligible for Union funding shall consist of one or more activities related to:

(a) the common procurement of defence products;

(b) accelerating the adjustment to structural changes of the production capacity of defence products, as well as related supporting activities;

(c) the research or development of new defence products or the upgrading of existing ones;

(d) the development and procurement of necessary infrastructure.

4b. The Member States participating in an EDPCI shall ensure that criteria equivalent to those set out in Article 51 are applied in the contracts relating to the EDPCI activities supported by Union funding, depending on the type of the activities as referred to in paragraph 4a.

4c. The Member States participating in an EDPCI shall ensure that the EDPCI activities, including those not supported by Union funding, comply with the objectives set out in Article 3(2), point d, sub-point (2) and in paragraph 1 of this Article and do not affect compliance of the EDPCI with the criteria set out in paragraph 4 of this Article.

5. Member States participating in an EDPCI may decide to involve the European Commission, the High Representative or the EDA as observers to an EDPCI where relevant.

6. An EDPCI, as well as its specific activities, may be established in the framework of Structures for European Armament Programmes (SEAP) established in accordance with Regulation (EU) 2025/2643.

6a. Only Member States and associated countries, as well as SEAPs consisting of Member States or of Member States and associated countries, shall be eligible for funding under EDPCI activities.

7. Member States may, without prejudice to Articles 107 and 108 TFEU, apply support schemes and provide for administrative support to EDPCIs.

8. The planning, construction and operation of production facilities related to an EDPCI may be considered an imperative reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Directive 92/43/EEC and Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council, in the interests of defence within the meaning of Article 2(3) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council, and in the interests of public health and safety within the meaning of Article 9(1), point (a), of Directive 2009/147/EC of the European Parliament and of the Council, provided that the other conditions set out in those provisions are fulfilled.

8a. Member States participating in an EDPCI shall submit to the Commission, on an annual basis, a joint report on the implementation of the EDPCI activities, including on compliance with the requirements set out in paragraph 4c.

8b. Upon a proposal from the Commission, the Council, acting by qualified majority, may amend the implementing acts adopted pursuant to paragraph 2, including by removing a project as an EDPCI or by reflecting changes to the elements set out in paragraph 3.

8c. All Member States and associated countries shall have the opportunity to join an EDPCI after its establishment, subject to the approval of all Member States participating in the EDPCI.

Article 46

Defence Research and Development, Innovation and Technological Superiority

Activities supporting Defence Research and Development, Innovation and Technological Superiority may cover, in particular:

(a) collaborative research actions for defence, from basic to applied research, in accordance with Article 44(3a), for which the results of EDA Capability Technology groups (CapTechs) may act as an input;

(b) collaborative development actions for new or upgraded defence products and technologies, including system prototyping, testing, qualification, or certification and the development of technologies or assets increasing the efficiency across the life-cycle of defence products and technologies;

(c) actions to support disruptive technologies for defence;

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

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

Article 47

Defence Industrial Responsiveness, Scale-Up and Resilience

1. Activities supporting the enhancement of the Responsiveness, Scale-Up and Resilience of the EDTIB related to the adjustment of the production capacity of defence products, including their components and corresponding raw materials insofar as they are intended or used wholly for the production of defence products, may cover in particular:

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

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

   (c) the building-up and making available of reserved surge manufacturing capacities of defence products, their components and corresponding raw materials, in accordance with ordered or planned production volumes;

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

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

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

1a. For actions supported under this Article, the Commission may provide the Member States and associated countries, on request, with the relevant action documentation in order to avoid double funding of the same costs.

Article 47a

Support to enablers related to the Union-wide market for defence equipment

1. Activities supporting enablers related to the Union-wide market for defence equipment may cover in particular:

(a) support to the European Military Sales Mechanism (MSM) to ensure the availability of defence products in time and in volume thereby fostering the competitiveness of the EDTIB [as well as, where relevant, of the Ukrainian DTIB], in particular:

(i) support for the establishment, management and maintenance of defence industrial readiness pools, as well as the continuation of such pools established under Regulation (EU) 2025/2643;

(ii) the establishment and maintenance of a single, centralised catalogue ('European Military Sales Catalogue') of defence products developed by the EDTIB; [and the Ukrainian DTIB].

(b) support for the establishment and functioning of Structures for European Armament Programme, established in accordance with Regulation (EU) 2025/2643;

(c) the strengthening of administrative capacities related to public procurement of defence products and measures contributing to the facilitation of procedures for the common procurement of defence products.

3. The Member States, associated countries and SEAPs that establish a defence industrial readiness pool shall grant all Member States, associated countries and Ukraine an immediate and preferential purchase, use or lease option for the defence products that are part of that pool. For the purpose of Member States or, where applicable, associated countries buying from the defence industrial readiness pool established, managed and maintained by a SEAP, the procurement shall be considered a contract awarded by a government to another government as referred to in Article 13, point (f), of Directive 2009/81/EC.

4. The Commission, having consulted the EDA, shall keep up-to-date the European Military Sales Catalogue referred to in the paragraph 1, point (a)(ii), as established in Regulation (EU) 2025/2643. Member States [, Ukraine] and economic operators shall be invited to populate that catalogue on a voluntary basis, in accordance with applicable national laws and regulations.

Article 48

Common Defence Procurement, Maintenance and Availability

1. Activities supporting common defence procurement, maintenance and availability may cover, in particular, cooperation among Member States and associated countries in the following areas:

   (a) joint certification of defence products;

   (b) development of common requirements for defence products;

   (c) procurement of defence products;

   (d) maintenance of defence products;

   (e) dynamic availability management of defence products.

   Activities supporting common defence procurement, maintenance and availability shall aim to reduce fragmentation and enhance interoperability, thereby achieving economies of scale, ensuring faster access to needed equipment, and strengthening the defence industrial readiness of the Union and Member States.

1a. Only the following legal entities shall be eligible for actions related to common defence procurement, maintenance and availability:

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

   (b) international organisations;

   (c) SEAPs;

   (d) the EDA.

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

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

4. The agent shall notify the Commission of the guarantees referred to in Article 51 (3). Further information on those guarantees and mitigation measures shall be made available to the Commission on request. The Commission shall inform the committee referred to in Article 83(1), point e, of any notification provided in accordance with this paragraph.

4a. Where the Union supports common defence procurement, participating Member States and associated countries shall make available, on request, a relevant set of procurement-related information, such as main characteristics, performances, unit costs and delivery times, to other Member States and associated countries to enable them to join the common defence procurement at a later stage under fair and reasonable conditions.

4b. The procurement-related information referred to in paragraph 4a may be disclosed by the requesting Member States or associated countries to legal entities established in the Union or associated countries, acting on their behalf, solely for the purposes of enabling participation in the common defence procurement and provided that such information is protected in an appropriate manner.

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

6. For the purpose of this Article, 'agent' means a contracting authority as defined in Article 2(1), point (1), of Directive 2014/24/EU[49] and Article 3(1) of Directive 2014/25/EU[50] established in a Member State or an associated country, the EDA, a SEAP established in accordance with Regulation (EU) 2025/2643 or an international organisation that is designated by Member States, associated countries or Ukraine to conduct a common defence procurement on their behalf.

Article 49

Support to military transport[51]

1. Activities supporting military transport in the Union may cover:

(a) support for the procurement, by Member States, of dual-use transport and logistic capabilities;

(b) the provision, through service contracts with commercial operators, of dual-use transport and logistic capabilities;

(ba) support for the establishment and operation of the Solidarity Pool, including its digital platforms;

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[49] Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p. 65), ELI: http://data.europa.eu/eli/dir/2014/24/oj

[50] Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC (OJ L 94, 28.3.2014, p. 243), ELI: http://data.europa.eu/eli/dir/2014/25/oj

[51] This Article and related provisions will have to be aligned with the outcome of negotiations on the Military Transport Regulation.

(c) the support to the digitalisation of military transport-related processes, including military transport permissions and customs procedures and formalities;

(d) the reinforcement, modernisation, expansion and repurposing of industrial capacities for the production and maintenance of dual-use transport and logistic capabilities directly contributing to and improving military transport in the Union;

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

(f) the enhancement of the protection and resilience of dual-use infrastructure that is strategic for military transport, as well as the development of fuel storage and accompanying systems;

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

2. Activities supporting military transport in the Union shall be implemented in accordance with Regulation (EU) [Military Transport Regulation] and in complementarity with Regulation (EU) [XXX] [CEF].

Article 49a

Support to innovative and scalable activities for all stages of the life-cycle of defence products (EU Defence Innovation Scheme)

1. Support to innovative and scalable activities for all stages of the life-cycle of defence products, including support to disruptive technologies and to single entities (e.g. new entrants, innovative start-ups, SMEs and scale-ups) may cover in particular:

   (a) matchmaking events, business acceleration and coaching for innovators;

   (b) agile funding mechanisms;

   (c) challenges and hackathons;

   (d) support to innovative procurement and iterative upgrade procurement models for rapidly evolving systems;

   (e) any other actions for shorter innovation cycles and the integration, validation, experimentation and market uptake of defence products; and

   (f) support for actions facilitating the implementation of the activities under this paragraph.

2. The support to innovative and scalable activities for all stages of the life-cycle of defence products may be provided through or in conjunction with the activities referred to in Articles 45 to 49.

Article 50

(Complementary rules on the association of third countries)

(…)

Article 51

Complementary eligibility criteria

1. In addition to fulfilling the eligibility criteria provided under Article 9 of this Regulation, recipients of Union funding under this Section shall fulfil the conditions referred to in paragraphs 2 to 15a of this Article.

2. Recipients of Union funding under this Section shall be established in and have their executive management structures in the Union or in an associated country.

2a. Recipients of Union funding under this Section shall not be subject to control by a non-associated third country or by a non-associated third-country entity.

3. By derogation from paragraph 2a a legal entity established in the Union or in an associated country and controlled by a non-associated third country or by a non-associated third country entity shall be eligible to be a recipient of Union funding under this Section if guarantees approved in accordance with the national procedures of a Member State or associated country in which it is established, such as adequate measures pursuant to screenings, as defined in Article 2, point (3), of Regulation (EU) 2019/452[52], are made available to the Commission. Depending on the nature of the activities, the work programme may provide that that derogation shall not apply to activities referred to in Article 49a.

[52] Regulation (EU) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union (OJ L 79I, 21.3.2019, p. 1, ELI: http://data.europa.eu/eli/reg/2019/452/oj).

Those guarantees shall provide assurances that the involvement in an action of a legal entity would not contravene the security and defence interests of the Union and the Member States as established in the framework of the CFSP pursuant to Title V of the TEU.

Those guarantees shall in particular substantiate that, for the purposes of an action, measures are in place to ensure that:

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

(b) access by a non-associated third country or by a non-associated third-country entity to any classified information or non-classified information protected by an obligation of professional secrecy and accessible on a need-to-know basis that is related to the action is prevented;

(ba) the employees or other persons involved in the action have a national security clearance issued by a Member State or an associated country, where appropriate;

(c) ownership of the intellectual property arising from, and the results of, the actions referred to in Article 44, paragraph 1, points (b) and (ea), remain within the recipient during and after completion of the action, are not subject to control or restriction by a non-associated third country or by a non-associated third-country entity, and are neither exported outside the Union or outside associated countries nor accessible from outside the Union or outside associated countries without the approval of the Member State or the associated country in which the legal entity is established and in accordance with the objectives set out in Article 3.

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

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

3a. Paragraphs 2a and 3 shall not apply to:

(a) contracting authorities of Member States and associated countries;

(b) international organisations;

(c) SEAPs;

(d) the EDA.

8. Except in certain duly substantiated, exceptional circumstances, where recipients of Union funding have no readily available alternatives, the infrastructure, facilities, assets and resources of the recipients of Union funding involved in an action which are used for the purposes of that action shall be located on the territory of a Member State or of an associated country for the entire duration of the action.

9. For actions referred to in Article 44(1), points (b), (e) and (ea), conditions referred to in paragraphs 2 to 8 shall apply to subcontractors involved in the action. For the purpose of this paragraph, ‘subcontractors involved in an action’ refers to subcontractors with a direct contractual relationship to a recipient, other subcontractors to which at least 10 % of the total eligible costs of the action is allocated, and subcontractors which may require access to classified information in order to carry out the action. Subcontractors involved in an action are not members of the consortium.

10. For actions referred to in Article 44(1), point (d), conditions referred to in paragraphs 2 to 8 shall apply to subcontractors involved in the action or in the common procurement. For the purpose of this paragraph, ‘subcontractors involved in the common procurement’ means legal entities which provide critical inputs that possess unique attributes essential for the functioning of a product, which are allocated at least 15 % of the value of the contract, and which need access to classified information for the performance of the contract.

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

12. For actions referred to in Article 44(1), points (c) and (d), the cost of components originating outside the Union and associated countries shall not be higher than 35 % of the estimated cost of the components of the end product or of the product of which the increase in production capacity is supported by Union funding. No components shall be sourced from third countries that contravene the security and defence interests of the Union and the Member States, including respect for the principle of good neighbourly relations.

13. For actions referred to in Article 44(1), points (c) and (d), recipients of Union funding or, where relevant, contractors shall have the ability to decide, without restrictions imposed by non-associated third countries or by non-associated third-country entities, on the definition, adaptation and evolution of the design of the defence product concerned, including the legal authority to substitute or remove components that are subject to restrictions imposed by non-associated third countries or by non-associated third-country entities.

14. For actions referred to in Article 44(1), points (c) and (d), the work programme may provide that the eligibility conditions set out in paragraphs 12 and 13 of this Article shall be assessed, at the latest, at the end of the action.

15. Except for actions referred to in Article 44, paragraph 1, points (c) and (ea), Article 46, paragraph 1, point (c), and Article 47a, paragraph 1, point (a)(ii), Union support shall only be granted to actions carried out by legal entities cooperating within a consortium of at least three eligible legal entities which are established in at least three different Member States or associated countries. At least three of those eligible legal entities established in at least two different Member States or associated countries shall not, during the entire period in which the action is carried out, be controlled, directly or indirectly, by the same legal entity and shall not control each other.

15a. Except for actions referred to in Article 44(1), points (b) and (ea), Union support may also be granted to actions carried out by a SEAP established in accordance with Regulation (EU) 2025/2643.

18. Notwithstanding Article 201 of the Financial Regulation, only the financial capacity of a coordinator shall be verified.

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

19a. The following actions shall not be eligible for funding:

(a) Actions for the development of products and technologies the use, development or production of which is prohibited by applicable international law;

(b) Actions related to lethal autonomous systems that operate outside a responsible chain of human command and control or that cannot be used in compliance with international humanitarian law;

(c) Actions related to cluster munitions.

Article 52

Funding rates

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

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

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

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

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

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

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

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

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

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

Article 53

Award criteria

1. Proposals for actions under this Section shall contribute to defence readiness throughout the Union and shall be assessed in accordance with award criteria to be set out in the work programme:

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

(b) the objectives, priorities and the expected results set for the relevant action, in particular through the evaluation of one or more of the following criteria, depending also on the nature of the action and on a call-by-call basis: (i) contribution to excellence in the defence sector, (ii) innovation potential, (iii) cross-border cooperation, (iiia) cooperation with SMEs and mid-caps that bring substantial added-value to the action, (iv) competitiveness, (v) increase in production capacities and availability, (vi) reduction of lead production and delivery time, (v) increase in interoperability, (vii) increase in interchangeability, (viii) resilience and security of supply throughout the Union in response to identified risks, including in particular high exposure to the risk of materialisation of conventional military threats, and (ix) cost-efficiency and effectiveness.

Article 53a

Selection and award procedure

The Commission shall award the funding under this Section by means of implementing acts. Except for actions referred to in Article 44, paragraph 1, points (a) and (d), those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83, paragraph 3.

Article 54

Access rights and ownership of results

1. Where Union support under Article 44 paragraph 1, point (b), is provided in the form of a grant, Union institutions, bodies, offices or agencies as well as granting authorities shall enjoy, on request, royalty-free access rights to results for the duly substantiated purpose of developing, implementing and monitoring existing Union policies or programmes in the fields of its competence for non-commercial purposes.

1a. Where Union support under Article 44, paragraph 1, point (b), is provided in the form of pre-commercial procurement, the contracting authority shall have the right to grant, or to require the recipients to grant, non-exclusive licenses to third parties to exploit the results under fair and reasonable conditions to be set out in the contractual relationships between the interested parties without any right to sublicense unless otherwise specified in the grant agreement.

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

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

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

(c) where two or more Member States or associated countries have, multilaterally or within the framework of the Union, jointly concluded one or several contracts with one or more recipients to further develop together results of activities supported under Article 44 paragraph 1, point (b), they shall enjoy access rights to those results insofar as they are owned by such recipients and are necessary for the execution of the contract or contracts. Such access rights shall be granted on a royalty-free basis and under specific conditions in order to ensure that those rights are used only for the purposes of the contract or contracts and that appropriate confidentiality obligations are put in place;

(d) for actions supporting development of defence products and technologies under Article 44 paragraph 1, point (b), access rights to the results of development actions shall be granted to the national authorities co-financing the action under fair and reasonable conditions to be agreed upon with the recipients generating those results. Terms and conditions for the exercise of such access rights shall be set out in the contractual relationship between the recipients and the national authorities co-financing the action.

3. Without prejudice to Member States' discretion as regards their policy on the export of defence products, any transfer of ownership of results or the granting of exclusive licences to a non-associated third country or to a non-associated third-country entity for results that were generated with support under Article 44 paragraph 1, point (b)), which takes place within 3 years after the final payment of the action, shall be subject to prior notification to the Commission and approval by the relevant Member State or associated country authorities, under conditions ensuring the protection of the Union's security and defence interests. Where such a transfer of ownership contravenes the security and defence interests of the Union and the Member States or the objectives set out in Article 3, the Union financial support provided under this Regulation shall be reimbursed.

Article 55

Complementary rules on classified information

5. The security framework to ensure the appropriate protection of classified foreground information generated in carrying out activities as referred to in Article 44(1) shall be established in accordance with Commission Decision (EU, Euratom) 2015/444, in cooperation with the security experts appointed by the Member States and associated countries on whose territory the beneficiaries are established.

5a. The Member States on whose territory the beneficiaries are established may decide on a specific security framework, including the exercise of the originator's rights and responsibilities, for the protection and handling of classified foreground information relating to activities as referred to in Article 44(1) that are co-financed by national authorities of the Member States or by economic operators participating in the activity. Member States concerned shall inform the Commission of such a decision.

The specific security framework shall ensure a level of protection equivalent to that afforded by the Agreement between the Member States of the European Union, meeting within the Council, regarding the protection of classified information exchanged in the interests of the European Union.[53]

5b. Classified background information bearing a national classification marking or a classification marking of an international organisation provided to or exchanged among beneficiaries or sub-contractors in connection with the action shall be handled and protected in accordance, respectively, with applicable national laws and regulations or with the rules and regulations applicable to the international organisation under whose authority the classified background information has been generated, in accordance with agreements on the exchange and protection of classified information that are in force and applicable.

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[53] OJ C 202, 8.7.2011, p. 13.

Where background information bearing a national classification marking that is part of a specific action may influence the content of foreground information classified as EUCI, the originator of such classified background information shall be consulted and their prior written consent shall be obtained.

5c. The specific security framework referred to in paragraph 5a shall be put in place by the Member States on whose territory the beneficiaries are established at the latest before the signature of the grant agreement. It shall be without prejudice to the possibility for the Commission to have access to classified foreground information necessary for carrying out the activity concerned.

SECTION 3
SPACE SYSTEMS AND SPACE POLICY IMPLEMENTATION

Article 57

Specific provisions

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

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

Article 58

Components

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

   (a) Positioning, Navigation and Timing (PNT), consisting of Galileo and the European Geostationary Navigation Overlay Service (EGNOS) sub-components;

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

   (c) Secure Connectivity, consisting of the Governmental Satellite Communication (GOVSATCOM) sub-component and the Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS²) sub-component;

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

   (e) Access to space;

   (f) Space commercialisation and space economy;

   (g) Technological sovereignty, research and innovation for space activities.

1a. Work programmes for the implementation of the components or sub-components under this Section shall integrate collaborative research and innovation activities and their dedicated budget in a specific dedicated part. That specific dedicated part shall ensure coherence with the Competitiveness and Society activities supported under the Regulation (EU) [XXX][Framework programme Horizon Europe] and shall take into account the specific rules provided for in this Section.

Article 59

Positioning, Navigation and Timing (PNT)

1. The positioning, Navigation and Timing component (the 'PNT component', with Galileo and EGNOS sub-components) shall provide long-term, state-of-the-art, reliable and secure positioning, navigation and timing services, without interruption, over their defined service areas, including in adverse conditions, and be able to support the Union’s policy priorities.

1a. Galileo is an autonomous civil global navigation satellite system (GNSS) under civilian control, which consists of a constellation of satellites, centres and a global network of ground stations, providing positioning, navigation and timing services and taking into account security needs and requirements. EGNOS is a civil regional satellite navigation system under civilian control, which consists of centres and stations on the ground and several transponders installed on geosynchronous satellites, which augments and corrects the open signals emitted by GNSS.

2. The activities of the PNT component shall include:

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

(b) the evolution of the PNT services and the development and deployment of future generations of the existing systems as well as additional activities, including satellites in Low Earth Orbits (LEO-PNT), taking into account user needs;

(c) the research and development activities supporting the modernization of the infrastructure (‘upstream R and D’) and the development of applications, user technology, including for governmental use, standardisation and certification (‘downstream R and D’);

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

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

(a) an open service (OS) for use free of charge by any user;

(b) a high-accuracy service (HAS) for users requiring higher performance than the OS;

(c) authentication services including Galileo open service navigation message authentication (OSNMA), Galileo signal authentication service (SAS), and other open service ranging authentication capabilities (OS-RA);

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

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

(f) a timing service (TS);

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

(h) new global stand-alone value added search and rescue services (SAR), including potentially for authorised governmental users, and global SAR services contributing to the international Cospas-Sarsat system, to detect distress signals and integrate return communication capabilities to support rescue operation;

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

(j) data dissemination services (DDS);

(k) radio-frequency interference alert service, accessible to authorised governmental users and user communities covered by the access policies referred to in paragraph 5, covering all the services provided by all components referred to in Article 58(1), including information made available by the Member States on a voluntary basis;

(l) a contribution to complementary PNT services, including terrestrial, with initial focus on complementary timing services, and, where appropriate, on other services, which shall increase the resilience in case of disruptions to the services provided by the PNT component.

4. The services referred to in paragraph 3 shall be free of charge for the Member States, the Council, the Commission, EEAS and, where appropriate, duly authorised Union agencies. A pricing policy may be applied to other users, where provided for in the pricing policies referred to in paragraph 5.

4b. The services of the EGNOS sub-component shall be provided as a priority over the territories geographically located in Europe of all Member States and third countries participating in the EGNOS sub-component.

5. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to the services provided by the PNT component, as well as access policies for services referred to in paragraph 3, including pricing policies where applicable. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

Article 60

Earth Observation (EO)

1. The Earth Observation component ('the EO component') shall consist of Copernicus and of the EOGS sub-components.

1a. Copernicus is an operational, autonomous, user-driven, civil Earth observation system under civilian control, building on the existing national and European capacities, based on a dedicated space infrastructure and operational services. It shall offer geo-information data and services based on a free, full and open data policy subject to restrictions, in particular to protect the security interests of the Union or the Member States, in accordance with paragraph 6. It shall be based on space and ground infrastructure, including data and information processing facilities and distribution infrastructure.

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

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

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

4a. A Copernicus User Forum is set up to advise a dedicated sub-configuration referred to in Article 83(1), point (g), on Copernicus user needs, evolution of the services and user uptake.

5. To ensure its continuity and evolution and meet the evolving users' needs, in particular Copernicus core users, Copernicus shall in particular be composed of:

(a) Copernicus Infrastructure, including development, deployment, and operations of the Copernicus Sentinels, next generation and expansion Sentinel missions, access to third-party space-based Earth observation data and sustained access to in-situ and other ancillary data, including harmonised pan-European geospatial reference data and possible contributions to and from international in-situ networks;

(b) Copernicus Services, including:

(i) environmental monitoring, reporting, verification and compliance assurance services, from global to local level, covering atmosphere monitoring marine environment monitoring, land and agriculture monitoring and climate change monitoring;

(ii) emergency management service supporting civil protection and emergency response operations, and disaster prevention and preparedness;

(iii) security service to support surveillance within the Union and at its external borders, maritime surveillance and Union external action including Common Foreign and Security Policy;

(c) Copernicus data access and distribution, including adequate infrastructure and services to ensure the discovery, viewing, access to, traceability, distribution and exploitation and long-term preservation of Copernicus data and Copernicus information, ensuring that data access platforms are adapted to the needs of Copernicus core users as well as research institutions, and companies, in particular SMEs, with user-friendly interfaces, notably in synergy with other data-related initiatives, such as the European Green Deal Data Space or Digital Twins;

(ca) Copernicus user uptake for Copernicus core users including the collection and analysis of Copernicus users' needs and capacity building through Copernicus Services, in particular through horizontal activities supporting the development of capacities within Member States, including cross-border and cross-service activities; market development, notably through the promotion of Copernicus data and services, and development of downstream applications to maximise socio-economic benefits.

5a. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to the services referred to in paragraph 5, point (b). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

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

7. EOGS shall be an operational, autonomous, user-driven, dual-use Earth observation system under civilian and governmental control which shall provide enhanced situational awareness in support of the policies of the Union and of the Member States in the fields of security and defence. EOGS shall be developed with a stepwise and incremental approach based on the high-level civil-military user needs as defined in the High-Level Civil-Military User Needs for EOGS. It shall build upon and strengthen existing capabilities provided through the European Union Satellite Centre (SatCen) and shall comprise a pooling and sharing mechanism of Earth observation capabilities from Member States and from private entities established in the Union subject to the eligibility and participation conditions referred to in Article 69, complemented by dedicated satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure, subject to a gap analysis. It shall provide secure, reliable, timely, persistent and targeted space-based Earth observation data, products and information, reinforcing existing and planned capabilities. EOGS may also provide complementary data to Copernicus Services, in particular for civil protection and security.

8. EOGS shall in particular be composed of:

(a) EOGS Infrastructure, designed for services to authorised governmental users, comprising:

(i) a pooling and sharing mechanism of governmental and commercial capabilities through a federation layer;

(ii) subject to a capabilities gap analysis and a Council implementing act adopted on the basis of that analysis, the subsequent development and operations of new Earth observation missions, including ground and space infrastructure which shall comply with the general security requirements referred to in Article 77(3); and

(iii) the access to in-situ and other ancillary data.

(b) EOGS Services to authorised governmental users:

(i) activities for the generation, procurement, production of geo-spatial imagery information and products for situational awareness applications in the fields of security and defence; and

(ii) the management, anonymisation and priorisation of the requests for services.

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

8a. The decision on the development and operations of new Earth observation missions and related infrastructure referred to in paragraph 8(a)(ii) of this Article shall be taken by the Council by qualified majority, acting upon a proposal from the Commission.

9. Taking into account the high-level civil-military user needs referred to in paragraph 7, the Commission may adopt, by means of implementing acts, technical and operational specifications relating to EOGS Infrastructure referred to in paragraph 8, point (a), without prejudice to the tasks entrusted to SatCen in accordance with Article 75(8a). To the extent they may impact the activities of SatCen, the implementing acts shall take into account the input of SatCen and the EEAS. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

9a. Member States, the Council and the EEAS shall be EOGS participants insofar as they authorise users or provide satellite capacities, ground segment sites or part of the ground segment facilities, which shall comply with the general security requirements referred to in Article 77(3). Without prejudice to the Member States' competence in national security and defence, the Commission may also be EOGS participant.

9b. Union agencies may become EOGS participants only insofar as it is necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

9c. Without prejudice to paragraph 9b, Union agencies may have access to classified information provided that they fulfill the conditions set out in Article 13(4a).

10. The participants referred to in paragraphs 9a and 9b of this Article may authorise the users of EOGS. That authorisation shall be granted in accordance with Article 76. The authorised users shall comply with the general security requirements referred to in Article 77(3). EOGS shall be provided free of charge to the following entities, provided that they have been authorised as users of EOGS:

(a) a Union or Member State public authority or body entrusted with the exercise of public authority in the fields of security and defence;

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

10a. Third countries and international organisations may become EOGS participants subject to a specific international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4) of this Regulation.

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

Article 61

Secure Connectivity

1. The Secure Connectivity component shall consist of:

(a) the GOVSATCOM sub-component, a satellite communications service under civilian and governmental control enabling the provision of satellite communications capacities and services to Union and Member State authorised governmental users, via a sharing and pooling mechanism;

(b) the IRIS² sub-component, a multi-orbital satellite constellation providing for authorised governmental users, through the GOVSATCOM Hub, secure and resilient connectivity worldwide.

1a. For the purpose of this Article, the GOVSATCOM Hub shall be an operational centre, the main function of which is to link, in a secure manner, the authorised governmental users to the providers of capacity and services, including IRIS², and thereby optimise the supply and demand at any given moment.

1b. The Secure Connectivity component shall aim to provide services based on user needs, and shall:

(-a) ensure the long-term availability of reliable, secure and cost-effective GOVSATCOM services to authorised governmental users;

(a) ensure the provision and long-term availability of, and uninterrupted access to, reliable, secure and cost-effective IRIS² governmental services to authorised governmental users based on governmental infrastructure;

(aa) enable the provision of IRIS² governmental services to authorised governmental users based on the commercial infrastructure referred to in paragraph 3(a), point (ii) through the GOVSATCOM Hub;

(b) enable the provision of IRIS² commercial services under the contracts referred to in paragraph 17 based on the commercial infrastructure referred to in paragraph 3(a), point (ii);

(c) via the IRIS² sub-component, ensure the development and provision of additional governmental communication services, including direct-to-device, and enable, where possible, other commercial communication services or non-communication services, in particular by improving activities and creating synergies between the components referred to in Article 58.

(d) improve secure connectivity, including as regards low latency, over geographical areas of strategic importance such as Africa and the Arctic as well as the Baltic, the Black Sea, Mediterranean regions and the Atlantic.

2. The GOVSATCOM and IRIS² sub-components shall include the following activities:

(-a) the procurement of governmental and commercial satellite communication capacities, services and user equipment necessary for the pooling and sharing and provision of GOVSATCOM services, to be provided by:

(i) GOVSATCOM participants as referred to in paragraph 11, 12 and 13; or

(ii) legal persons that underwent an accreditation process to provide satellite communication capacities or services in accordance with the general principles of security accreditation referred to in Article 16 of *[EUSPA]* Regulation (EU) xx/xx*, in compliance with the general security requirements referred to in Article 77(3) of this Regulation.

* OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)

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

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

(c) the integration, into the IRIS² system, of the European Quantum Communication Infrastructure (EuroQCI), once operational and accredited in accordance with the general principles of security accreditation referred to in Article 16 of the *[EUSPA]* Regulation (EU) xx/xx* and coordination with relevant activities under Chapter VI of this Regulation to enable such integration;

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

(eb) the purchase of services to authorised governmental users based on the commercial infrastructure, under market conditions, in order to guarantee the provision of those services to those users.

* OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)

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

(-a) the GOVSATCOM infrastructure shall include infrastructure necessary to enable the provision of GOVSATCOM services, in particular the GOVSATCOM Hub.

(a) the IRIS² infrastructure shall be modular and consist of a governmental infrastructure and a commercial infrastructure, as follows:

(i) the IRIS² governmental infrastructure shall include all the relevant ground segments, including the relevant control centres and space segments which are required for the provision of the governmental services. The IRIS² governmental infrastructure shall complement and build on the GOVSATCOM sub-component, notably the GOVSATCOM Hub;

(ii) the IRIS² commercial infrastructure shall include all space and ground assets other than those being part of the governmental infrastructure. The IRIS² commercial infrastructure shall not impair the performance or security of the IRIS² governmental infrastructure. The contractors referred to in paragraph 15 shall entirely finance the commercial infrastructure and shall bear any risk related to it;

(c) the IRIS² governmental infrastructure may host additional satellite subsystems, in particular payloads, that may be used as part of the space-based infrastructure of the other components referred to in Article 58, as well as satellite subsystems used for the provision of non-communication services or capacities to Member States. The IRIS² governmental infrastructure may include interconnections with Member States or other third party satellites, provided that they comply with the general security requirements referred to in Article 77(3) and the operational requirements referred to in paragraph 7;

(e) The ground and space segments referred to in point (a) (i) of this paragraph and their operations shall comply with the general security requirements referred to in Article 77(3).

4. The provision of Secure Connectivity services shall be ensured in accordance with a service portfolio referred to in paragraph 6 of this Article and with the operational requirements referred to in paragraph 7 of this Article as well as with the general security requirements referred to in Article 77(3). The provision of GOVSATCOM services and IRIS² governmental services shall follow the sharing and prioritisation rules referred to in paragraph 8 of this Article. Where possible, for IRIS^2 service continuity purpose, the Member States shall aim to ensure coherence and complementarity of their relevant activities and interoperability of their capacities with activities under the IRIS^2 sub-component.

5. Access to GOVSATCOM services and IRIS² governmental services shall be free of charge for institutional and authorised governmental users unless the Commission sets out a pricing policy in accordance with paragraph 9.

6. The Commission shall adopt, by means of implementing acts, the service portfolio for:

(a) GOVSATCOM services in the form of a list of categories of satellite communication capacities and services and their attributes; and

(b) for IRIS² governmental services comprising the technical specifications for each category of services, including services to authorised governmental users based on the IRIS² commercial infrastructure. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

7. The Commission shall adopt, by means of implementing acts, the operational requirements for GOVSATCOM services and IRIS² governmental services, in particular to facilitate the use of those services for crisis management, for situational awareness and for key infrastructure management, including diplomatic and defence communication networks. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

8. The rules on sharing and prioritisation of GOVSATCOM services and IRIS² governmental services shall prioritise users according to their relevance and criticality. The Commission shall adopt, by means of implementing acts, the detailed rules on:

   (a) the sharing and prioritisation of GOVSATCOM capacities, services and user equipment;

   (b) the provision of IRIS² governmental services.

When drawing those implementing acts, the Commission shall take into account the expected demand for the different use-cases, the analysis of security risks for those use-cases and, where appropriate, cost-efficiency and the needs of different end user operating environments. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

9. When the assessment of expected demand carried out by GOVSATCOM and IRIS² participants and the market risk analysis carried out by the Commission conclude that there is a shortage of capacities or where demand exceeds the access capacity for GOVSATCOM services or IRIS² governmental services, which may lead to a distortion of the market, the Commission may adopt, by means of implementing acts, a pricing policy for those services. When drafting those implementing acts, the Commission shall ensure that the provision of GOVSATCOM services and of the IRIS² governmental services does not distort competition, that there is no shortage of those services and that the price identified will not result in an overcompensation for the contracts referred to in paragraph 15. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

11. Member States, the Council, the Commission and the EEAS shall be GOVSATCOM or IRIS² participants insofar as they authorise users in accordance with Article 76, or provide satellite communication capacities, ground segment sites or part of the ground segment facilities.

12. Union agencies may become GOVSATCOM or IRIS^2 participants only insofar as it is necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

12a. Without prejudice to paragraph 12, Union agencies may have access to EUCI provided that they fulfill the conditions set out in Article 13(4a).

13. Third countries and international organisations may become GOVSATCOM or IRIS^2 participants subject to a specific international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4) of this Regulation.

14. The participants referred to in paragraphs 11, 12 and 13 of this Article shall authorise the users of GOVSATCOM services and IRIS² governmental services in accordance with Article 76. The authorised users shall comply with the general security requirements referred to in Article 77(3). The following entities may be authorised as users of GOVSATCOM services or IRIS² governmental services:

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

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

15. IRIS² is implemented, in particular, through a concession contract, which provides for the allocation of risk between the Union and the contractors. Other contracts for IRIS² further implementation may take the form of concession contracts, supply, service, or works contracts. If the IRIS² concession contract fails, the Commission shall ensure an optimal implementation of the objectives referred to paragraph 1b, points (a) and (d), by procuring, as appropriate, a supply, service or works contract or a mixed contract.

16. If the contractors referred to in paragraph 15 are unable to fulfil their obligations, the Commission shall take the necessary measures to ensure the continuity of the IRIS² governmental services.

17. The contracts referred to in paragraph 15 shall in particular ensure that the provision of services based on the IRIS² commercial infrastructure preserves the Union's essential interests and the objectives of the IRIS² sub-component. Those contracts shall provide for adequate safeguards to avoid any overcompensation of the contractors referred to in paragraph 15, distortions of competition, conflicts of interest, undue discrimination or any other hidden indirect advantages. Such safeguards may include the obligation of accounting separation between the provision of IRIS² governmental services and the provision of IRIS² commercial services, including the setting up of a structurally and legally separate entity from the vertically integrated operator for the provision of governmental services, and of the provision of open, fair, reasonable and non-discriminatory access to the infrastructure necessary for the provision of commercial services. Those contracts shall also ensure that the eligibility conditions referred to in Article 69 are fulfilled throughout their duration. The Commission shall require, through the concession contract referred to in paragraph 15, that start-ups, scale-ups, SMEs and small mid-cap companies from across the Union are able to deliver their own services to end users.

18. Where the IRIS² governmental and commercial services rely on common subsystems or interfaces to ensure synergies, the contracts referred to in paragraph 15 shall determine which of those common subsystems and interfaces shall be part of the governmental infrastructure in order to ensure the protection of the security interests of the Union and the Member States.

19. The contractors referred to in paragraph 15 shall entirely finance the IRIS² commercial infrastructure referred to in paragraph 3(a), point (ii), in order to fulfil the objective referred to in paragraph 1b, point (b).

Article 62

Space Surveillance and Tracking (SST)

1. The Space Surveillance and Tracking (the 'SST sub-component') of the SSA component shall in particular include:

(a) the establishment, development, deployment and operation of a network of ground-based and space-based SST sensors of the Member States, such as radars, lasers or telescopes, to be selected by architecture studies and performance assessment for surveying and tracking, including sensors developed through the European Space Agency (ESA), of Union commercial sector, and potentially of Union-owned space-based sensors aiming to survey and track space objects and to produce an autonomous European catalogue of space objects;

(b) the processing and analysis of SST data in order to produce SST information and SST services referred to in paragraphs 5 and 6;

(c) the provision of the SST services referred to in paragraph 5 to the SST users referred to in paragraph 9, points (a) and (b);

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

(da) the provision of services referred to in paragraph 6 to SST governmental users referred to in paragraph 9, point (c);

(e) cooperation, including through information sharing, with international initiatives in the domain of space traffic coordination;

(f) activities necessary to support the safe and sustainable use of space;

(fa) activities related to space debris mitigation in order to reduce their generation, space debris remediation, the monitoring of launch after injection, specific services for constellations, the establishment of a marketplace for SST data, information and services, preparation of the SST system to cislunar operations, support to In-Space Operations and Services (ISOS), and to dark and quiet skies initiatives;

(g) research and development activities supporting the evolution of the SST sub-component, including its services and data processing as well as commercial capabilities.

3. The SST Partnership initiated under Regulation (EU) 2021/696 shall remain in effect under this Regulation and shall support the evolution of activities based on user needs, including transparent mechanisms for evaluating and integrating commercial SST capabilities, and contribute to the implementation of the activities referred to in points (a) to (fa) and (g) of paragraph 1, including through the provision of technical and administrative support, expertise, studies, or relevant research and innovation activities. The Commission may adopt, by means of implementing acts, rules on the participation of Member States in that Partnership, on the organisational framework of that participation and on the inclusion at a later stage of an additional Member State. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

4. In order to reinforce the contribution to the SST implementation, the Commission is empowered to adopt delegated acts in accordance with Article 84 to supplement paragraph 3 with the detailed list of tasks to be performed by the SST Partnership referred to in paragraph 3.

5. The SST services referred to in paragraph 1, point (c), shall be free of charge, available without interruption and adapted to the needs of the SST users referred to in paragraph 9 and shall include:

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

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

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

6. The SST services to authorised governmental SST users referred to in paragraph 9, point (c) shall be free of charge, available without interruption and adapted to their needs and may comprise correlation, filtering and storage of all SST data stemming from the network of sensors referred to in paragraph 1, point (a), and dissemination of SST data to authorised governmental SST users, based on the catalogue referred to in paragraph 1, point (a).

9. SST users shall comprise:

(a) SST core users, which shall have access to all SST services referred to in paragraph 5: Member States, the EEAS, the Commission, the Agency as well as public and private spacecraft owners and operators established in the Union;

(b) SST non-core users, which shall have access to services referred to in paragraph 5, points (a) and (c): other public and private entities and international organisations;

(c) authorised governmental SST users, which shall have access to services referred to in paragraph 6: Member States and the EEAS.

9a. In order to foster uptake of the SST services referred to in paragraph 5 or protect the security interest of the Union and the Member States, the Commission is empowered to adopt delegated acts to amend the list of non-core users or supplement the list of services that they may have access to.

10. The Commission may adopt, by means of implementing acts, access policies relating to the SST services referred to in paragraph 5. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

10a. The Commission may adopt, by means of implementing acts, access policies and provision, technical and operational specifications for SST services referred to in paragraph 6. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

11. The SST sub-component shall not be open to the participation of third countries. However, it shall be open to Norway subject to the conclusion of a separate specific agreement under Article 218 TFEU and pursuant to Article 11(4).

Article 63

Near-Earth Objects (NEO)

1. The objective of the Near-Earth Objects sub-component (the 'NEO sub-component') of the SSA component is the risk monitoring of natural objects in the solar system that approach the Earth.

2. The NEO sub-component shall include activities to fulfil the objective set out in paragraph 1. It shall include support activities related to the maintenance and data entries of the Union catalogue of physical properties of near-Earth objects, and may include impact risk assessment.

3. The NEO sub-component shall include research and development activities supporting its evolution and downstream research and development for applications and user technology.

Article 64

Space Weather Events (SWE)

1. The objective of the Space Weather Events sub-component (the 'SWE sub-component') of the SSA component is to monitor and assess natural changes due to solar variable activity and related to space weather events, such as solar wind and solar flares, and their impacts on critical systems and on infrastructures covered by the technical requirements of the services referred to in paragraph 4.

2. The SWE sub-component shall include all activities required to provide space weather services, including purchasing data from commercial sources and research and development activities supporting the evolution of the SWE sub-component, as well as its services and downstream research and development for applications and user technology for the uptake of SWE services.

3. SWE services shall aim to be available without interruption and free of charge. SWE services shall, in particular, comprise the space domain and may expand gradually to other domains according to user needs.

4. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to SWE services, taking into account user needs. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

Article 65

Access to space

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

2. The objective of the Access to space component shall be to foster an autonomous, resilient and sustainable access to space, by supporting the reliability, competitiveness and cost-efficiency of European launch services, together with a cohesive and cooperative European approach, taking into account the essential security interests of the Union and the Member States.

3. In synergies with other Union programmes and funding schemes, and without prejudice to ESA's activities, the activities under the Access to space component shall include:

   (a) procurement or joint procurement of, aggregation of, or incentives for, European launch services for the needs of the Union and, at their request, for the needs of Member States and international organisations, including the needs of in-orbit demonstration and in-orbit validation activities to support the activities referred to in Article 66(2), point (e), and Article 67(2);

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

   (c) development, adaptation, construction, maintenance and operation of critical Union based ground infrastructure, including the facilities necessary to test, launch and recover access to space technologies and services capabilities.

4. The Commission shall establish an Access to Space Coordination Forum including Member States, the Agency, relevant international organisations, in particular ESA, and other European public entities to coordinate European institutional activities in access to space and a European approach as referred to in paragraph 2.

5. (...)

Article 66

Space commercialisation and space economy

1. The space commercialisation and space economy component shall include CASSINI and user uptake activities. CASSINI shall constitute the Union's space entrepreneurship initiative. CASSINI shall undertake actions to support the commercialisation of the Union space industry products and services, in particular focusing on entrepreneurship, and to leverage private investment, supporting entrepreneurs to grow up and scale up in the internal market and internationally. Space commercialisation activities may be carried out in cooperation with Member States and relevant organisations, including ESA.

2. This component shall include the following activities:

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

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

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

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

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

(f) actions necessary to support the Union's space economy, including user uptake and downstream market development, and the internal market for space activities.

Article 67

Technological sovereignty, research and innovation

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

2. The technological sovereignty and research and innovation component shall include the following activities:

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

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

(ba) the research, development, maturation and validation of emerging and new Union space capabilities, including disruptive technologies, such as quantum sensing and other related technologies;

(c) the development of new Union space capabilities fostering a new in-space economy, specifically through the maturation, demonstration and operationalisation of ISOS;

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

(e) exploring and leveraging synergies with complementary domains such as security and defence and other relevant sectors for key areas such as robotics, artificial intelligence and cybersecurity;

(f) supporting standardisation and certification activities, relevant for the Union space sector, including a harmonised approach at Union level concerning Commercial Off-The-Shelf (COTS) components;

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

Article 68

Access to services by third countries and international organisations

1. Third countries and international organisations may have access to GOVSATCOM services, governmental IRIS² services, fragmentation services referred to in Article 62(5), point (b), and EOGS subject to an agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4), laying down the terms and conditions for access to those services, and provided that they comply with Article 13.

3. The access of third countries and international organisations to the PRS referred to in Article 59(1), point (d), shall be governed by Article 3(5) of Decision no 1104/2011/EU of the European Parliament and of the Council[54].

4. No agreement concluded in accordance with Article 218 TFEU shall be required to access SST services relating to collision avoidance referred to in Article 62(5), point (a) and re-entry referred to in Article 62(5), point (c).

4a. The SST services referred to in Article 62(6) shall not be accessible to third countries and international organisations, except under the conditions provided in the agreement referred to in Article 62(11).

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[54] Decision no 1104/2011/EU of the European Parliament and of the Council of 25 October 2011 on the rules for access to the public regulated service provided by the global navigation satellite system established under the Galileo programme (OJ L 287, 4.11.2011, p. 1, ELI: http://data.europa.eu/eli/dec/2011/1104/oj).

Article 69

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

1. The Commission shall apply the eligibility and participation conditions set out in paragraph 3 to the award procedures under this Section if it deems that it is necessary and appropriate to preserve the security, integrity and resilience of the operational Union space systems, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains, while preserving an open economy.

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

3. The eligibility and participation conditions referred to in paragraph 1 shall be as follows:

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

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

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

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

These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

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

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

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

(c) the protection of EUCI is ensured in accordance with Article 13 and measures are implemented to ensure the security and resilience of the components referred to in Article 58, their operation and their services.

6. By way of derogation from paragraph 5, point (b), the Commission may waive the conditions referred to in paragraph 3, points (a) or (b), for a legal entity established in a third country which is not a member of the EEA or EFTA if no substitutes are readily available in countries which are members of the EEA or EFTA and the criteria set out in paragraph 5, points (a) and (c), are met.

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

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

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

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

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

(c) the legal entity complies with the general security requirements referred to in Article 77(3).

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

9. The Commission shall provide the relevant committee configuration referred to in Article 83(1), point (ha) with the following:

(a) the scope of application of eligibility and participation conditions referred to in paragraph 3 of this Article;

(b) details and justifications on the waivers granted under paragraphs 5, 6 and 7 of this Article; and;

(c) the evaluation that formed the basis for a waiver, subject to paragraphs 5 to 7 of this Article, without divulging commercially sensitive information.

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

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

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

13. This Article shall not interfere with, amend or contradict any facility security clearance and personnel security clearance procedure existing in a Member State.

Article 70

Ownership of Union space assets, access to results and use of assets

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

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

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

(b) the activities are not fully financed by the Union, except as otherwise specified, or

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

2a. Paragraph 2, point (b), shall not apply to the governmental infrastructure developed under the IRIS² sub-component.

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

4. The Union may conclude the relevant agreements in order to acquire ownership of assets developed by third parties where such assets are necessary for the implementation of the components referred to in Article 58.

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

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

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

Article 71

Service performance, warranty and liability

-1. The Commission or, where relevant, the Agency shall establish a service definition document for each service provided by the components or sub-components referred to in Article 58 describing the characteristics and expected performances of those services. The service definition document shall be made public or, for services to authorised governmental users or PRS users, shared with the appropriate competent authorities referred to in Article 76. For the SST sub-component, the SST Partnership referred to in Article 62(3) shall contribute to the establishment of the service definition document.

1. The expected performances referred to in paragraph -1, as well as data and information provided by the components and sub-components referred to in Article 58, shall be provided without any express or implied warranty as regards their quality, accuracy, availability, reliability, speed and suitability for any purpose. No liability shall be borne in this regard by the Commission, the Agency, and any governmental authority involved.

1a. When a service does not meet the parameters declared in the service definition document referred to in paragraph -1 due to a planned or unforeseeable event, users shall be informed without undue delay in accordance with the procedure set out in the relevant service definition document.

1b. By way of derogation from paragraph 1 for services to authorised governmental users, for PRS and for safety of life services referred in Article 59(3), point (i), the service definition document referred to in paragraph -1 shall be accompanied by specific commitments in terms of expected performances, which may be subject to certain terms and conditions of use.

1c. The points of contact referred to in Article 77(1), point (ga), shall inform the Commission or, where relevant, the Agency, when a planned event referred to in paragraph 1b relating to services provided to authorised governmental users or PRS users may affect their activities.

2. Member States participating in the SST sub-component shall not be held liable for damage resulting from the lack of or interruption in the provision of SST services, for delay in the provision of SST services, for inaccuracy of the information provided through the SST services or for any other action undertaken in response to the provision of SST services. For the purpose of paragraph 1b, those Member States shall notify any deviation from the expected performance to the Commission and the Agency without undue delay.

Article 72

Complementary procurement rules

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

1a. The Commission shall inform the committee referred to in Article 83(1), point (g), about reaching the target referred to in paragraph 1.

2. The procurement relating to service continuity, or to the PRS or to services to authorised governmental users shall be deemed to satisfy the condition of extreme urgency established in Section II, point 11.1, point (c), of Annex I to the Financial Regulation.

Article 73

Complementary grant rules

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

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

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

4. The SST Partnership referred to in Article 62(3) shall be entitled to receive a grant under Article 198(d) of the Financial Regulation.

Article 74

Complementary indirect management rules

1. A tripartite financial framework partnership agreement in accordance with Article 131 of the Financial Regulation shall be concluded with both the Agency and ESA, under which the Agency and ESA may be entrusted with budget implementation tasks.

2. Where a tender evaluation board is established by the Agency or ESA for a procurement performed under the tripartite agreement referred to in paragraph 1, experts from the Commission and, where relevant, from the other entrusted entity may participate as members in the tender evaluation board meetings, have access to all documents produced by the tender evaluation board and attend review meetings. Such participation shall not affect the technical independence of the tender evaluation board.

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

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

Article 75

Roles

1. The Member States may participate in the components referred to in Article 58. The Member States participating in those components shall contribute with their technical competence, know-how and assistance, in particular in the field of safety and security. This contribution shall include, where appropriate and possible, making available to the Union data, information, services and infrastructure in the possession of the Member States or located on their territories, that are necessary to the good functioning of the actions. The Member States shall take measures to ensure the smooth functioning of the actions supported under this Section, including frequency allocation and protection.

2. The Commission shall have overall responsibility for the implementation of the components referred to in Article 58, including in the field of security, without prejudice to Member States' prerogatives in the area of national security. The Commission shall also supervise the implementation of those components, without prejudice to other policies of the Union.

3. The Commission shall:

   (a) manage all the components or sub-components referred to in Article 58 not entrusted to another entity;

   (b) determine the priorities of the components referred to in Article 58 in the work programmes referred to in Article 15 and their long-term evolution in line with the user requirements, and supervise the implementation of those work programmes;

(ba) without prejudice to the tasks of the Agency or of other entrusted entities, ensure that the uptake and use of the data and services provided by the components referred to in Article 58 is promoted and maximised in the public and private sectors, including by supporting appropriate development of those services and user-friendly interfaces, by fostering a stable long-term environment, by developing appropriate synergies between the applications of various components and by ensuring complementarity, consistency, synergies and links between the components under this Section and other Union actions and programmes;

(bb) promote coherence between activities under this Section and activities carried out in the space domain at Union, national or international level;

(c) determine and coordinate the international dimension of the components referred to in Article 58 to ensure coherence with the Union policies for external action and a consistent approach thereto, within its field of competence.

4. Where necessary to ensure the smooth functioning of the components referred to in Article 58 and the smooth provision of the services they provide, the Commission shall, by means of implementing acts, determine the technical and operational specifications needed for the implementation of and evolution of those components and sub-components and of the services they provide, taking into account results from consultation of users and other stakeholders. When determining those technical and operational specifications, the Commission shall avoid reducing the general security level and shall meet backwards compatibility requirements. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

5. Where necessary, the Commission shall, by means of implementing acts, adopt measures required to determine the location of the ground-based infrastructure, based on the security requirements referred to in Article 77(3), following an open and transparent process and ensuring sound financial management. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

6. The Agency shall have its own tasks as referred to in Article 4(1) of *[EUSPA]* Regulation (EU) xx/xx* and may be entrusted by the Commission with other tasks as referred to in Article 4(2), (3) and (5) of that Regulation and in accordance with the Financial Regulation.

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

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

   (b) as regards Copernicus sub-component:

      (i) coordination and implementation of the space component and its evolution;

      (ii) design, development and construction of the space infrastructure and of parts of the associated ground segment, including the operations of that infrastructure and related procurement, except when those operations are done by other entities, such as the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT);

      (iii) where appropriate, provision of access to third-party data;

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

(d) as regards IRIS² sub-component:

(i) the supervision of the development, of the validation and of the related deployment activities relating to the development, validation and deployment phases for the governmental services and of the development and evolution necessary for the provision of governmental services, undertaken within the framework of contracts referred to in Article 61(15) and in accordance with terms and conditions of the contribution agreements under the financial framework partnership agreement referred to in Article 74(1), ensuring coordination between the tasks and budget entrusted to ESA and possible contribution by ESA;

(ii) the provision of technical expertise, including during implementation;

(da) as regards NEO and SWE sub-components: upstream research and development activities.

8. On the basis of an assessment by the Commission, ESA may be entrusted with other tasks based on the needs of the components referred to in Article 58, including specific research and innovation activities, provided that those tasks do not duplicate activities performed by other entrusted entities and that they aim to improve the efficiency of the implementation of those components.

8a. Subject to the approval of SatCen's Board in accordance with Article 18 of Council Decision 2014/401/CFSP, SatCen shall be entrusted with the provision of EOGS Services and EOGS Data referred to in Article 60(8), points (b) and (c) to governmental authorised users and the operation of the federation layer of the EOGS Infrastructure referred to in Article 60(8), point a, sub-point (i). The implementation of the tasks entrusted to SatCen under this paragraph, including the definition of access policies, restrictions and prioritisation for the provision of EOGS Services to authorised governmental users shall respect the CFSP interests of the Union, in accordance with Council Decision 2014/401/CFSP and national security interests of the Member States.

9. Without prejudice to paragraph 8a, provided that the interests of the Union are protected, the Commission may entrust, in full or in part, tasks to implement the components referred to in Article 58 to relevant entities, such as the EUMETSAT, the European Environment Agency, the European Border and Coast Guard Agency, the European Maritime Safety Agency, the SatCen, the European Centre for Medium-Range Weather Forecasts, and Mercator Ocean International.

Article 76

Competent authorities

1. Where necessary for sub-components referred to in Article 58 which provide services to authorised governmental users, each participant shall designate a competent authority. The competent authority shall ensure that:

   (a) the use of the relevant services is in compliance with the general security requirements referred to in Article 77(3);

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

(c) user equipment necessary for the use of the relevant services and associated electronic communication connections and information are used and managed in accordance with the general security requirements referred to in Article 77(3);

(d) a central point of contact is established to assist as necessary in the reporting of security risks and threats, in particular the detection of potentially harmful electromagnetic interference affecting the services developed under the components referred to in Article 58.

2. The actions, tasks and functioning of the competent PRS authorities are provided for in Article 5 of Decision No 1104/2011/EU.

Article 77

Principles of governance and security

1. The principles of governance for the components referred to in Article 58 and specific activities shall be based on the following:

(-a) service continuity and reliability and necessary infrastructure continuity, including protection from relevant threats;

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

(b) relevance of the governance structure to the specific needs of each component or sub-component referred to in Article 58 as appropriate;

(c) strong control of the components referred to in Article 58 and their activities, including strict adherence to cost, schedule and performances by all the entities, within their respective role and tasks;

(d) transparent and cost-efficient management;

(f) systematic and structured consideration of the needs of users of the data, information and services provided by the components referred to in Article 58, as well as of related scientific and technological evolutions;

(g) constant efforts to control and reduce risks;

(ga) for services to authorised governmental users and for PRS, coordination of relevant operational activities with the competent authorities referred to in Article 76 and with the points of contact designated by Member States to represent relevant users of those services.

1a. The Security Accreditation Board established under Article 15 of *[EUSPA]* Regulation (EU) xx/xx* shall be the security accreditation authority for the components and sub-components referred to in Article 58 of this Regulation. That accreditation shall be carried out in accordance with Article 16 of that Regulation.

2. The principles of security of the components under this Section, including their ground and space infrastructures, shall be based on the following:

(a) taking account of the experience of the Member States in the field of security and build on their best practices;

(b) ensuring the protection of the ground infrastructures which form an integral part of a component referred to in Article 58 and which are located on the Member States territories, by taking measures which are at least equivalent to those necessary for the protection of European critical infrastructures within the meaning of Council Directive (EU) 2022/2557;

* OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)

(c) the application of Council Decision 2013/488/EU as far as Member States are concerned and of Commission Decision (EU, Euratom) 2015/444 as far the Commission is concerned, which provide, inter alia, for a separation between operational functions and those associated with accreditation;

(d) considering the Commission as originator of all classified information created by entrusted entities as referred to in Article 74(1);

(e) ensuring that the Security Accreditation Board established under Article 15 of *[EUSPA]* Regulation (EU) xx/xx* performs its tasks without prejudice to the responsibilities of the Commission or to those entrusted entities, and without prejudice to the competences of the Member States as regards security accreditation;

3. The Commission shall ensure that a risk and threat analysis is maintained and updated for the existing components or sub-components referred to in Article 58. The Commission shall ensure that the risk and threat analysis is performed for each future component or sub-component. Based on that analysis, the Commission shall determine, by means of implementing acts, the general security requirements for each component or sub-component. In doing so, the Commission shall take account of the impact of those requirements on the smooth functioning of that component or sub-component, in particular in terms of cost, risk management and schedule. The Commission shall also ensure that the general level of security is not reduced, that the functioning of the existing equipment based on that component or sub-component is not undermined and take into account cybersecurity risks. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3). The entities involved in implementing space activities under this Section shall take the necessary measures, including in light of the issues identified in the risk and threat analysis, to ensure the security of the components under this Section.

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4. Where the security of the Union or the Member States may be affected by the operation of the systems, the procedures set out in Decision (CFSP) 2021/698[55] shall apply.

SECTION 4
SUPPORT FOR CIVIL SECURITY INDUSTRY POLICY

Article 79

Specific provisions for support to civil security industry policy

Actions supported under this Section shall contribute to the general objective set out in Article 3(1) and the specific objectives set out in Article 3(2), point (d) (4).

Article 80

Specific activities to support civil security industry policy

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

   (a) security and resilience of critical and dual-use infrastructure, as well as critical entities, against all types of security threats;

   (b) technologies, capabilities and solutions, including measures enhancing standardisation, certification and interoperability of security technologies, relevant for the prevention and combating of crime, in particular terrorism, violent extremism, serious and organised crime, and cyber-enabled crime;

[55] Council Decision (CFSP) 2021/698 of 30 April 2021 on the security of systems and services deployed, operated and used under the Union Space Programme which may affect the security of the Union, and repealing Decision 2014/496/CFSP (OJ L 170, 12.5.2021, p. 178–182, ELI: http://data.europa.eu/eli/dec/2021/698/oj).

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

(d) civil preparedness, prevention and response capabilities against security threats, whether natural or human-made, accidental or intentional.

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

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

(b) testing and validation of technologies and solutions;

(c) deployment and market uptake of technologies and solutions, including by security practitioners;

(d) support actions for the development, implementation, monitoring and enforcement of relevant Union legal acts and policies, including capacity building for national contact points.

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

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

Article 81

Ownership of results

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

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

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

Article 82

Complementary grant rules

1. For activities supporting coordination and support actions in the area of civil security industry, the Union may cover up to [100] % of the eligible costs, without prejudice to the co-financing principle.

2. By way of derogation from Article 184(6) of the Financial Regulation when applying flat rates, the authorising officer responsible may authorise or impose funding of the beneficiary's indirect costs up to a maximum of 25 % of total eligible direct costs for the action, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.

Chapter VIII
Final Provisions

Article 83

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011 and may convene in the following configurations:

   (a) ECF General Committee, for strategic overview of the implementation of ECF, matters concerning the general objectives or matters concerning more than one of the specific objectives set out in Article 3(2);

   (b) Clean Transition Committee for matters concerning specific objectives set out in Article 3(2), point (a);

   (c) Health, Biotechnology, Agriculture and Bioeconomy Committee for matters concerning specific objectives set out in Article 3(2), point (b);

   (d) Digital Committee for matters concerning specific objectives set out in Article 3(2), point (c);

   (e) Defence Industry Committee for matters concerning specific objectives set out in Article 3(2), point (d)(2), which may convene in different sub-configurations aligned with the activities referred to in Article 44(1);

   (f) Resilience Committee for matters concerning specific objectives set out in Article 3(2), point (d)(1);

(g) Space Committee for matters concerning specific objectives set out in Article 3(2), point (d)(3), which may convene in different sub-configurations aligned with the components or sub-components referred to in Article 58(1);

(h) Civil Security Industry Committee for matters concerning specific objectives set out in Article 3(2), point (d)(4);

(ha) Security Committee for the protection of EU classified information and related security aspects arising in relation to matters concerning specific objectives set out in Article 3(2), point (d), with a remit that shall be distinct from, and shall not overlap with, the remit of the other configurations.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.

4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

4a. Where the Committees referred to in paragraph 1, points (e), (f), (g), (h) or (ha) deliver no opinion, the Commission shall not adopt the draft implementing act and Article 5(4), third subparagraph, of Regulation (EU) No 182/2011 shall apply.

5. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

6. The Committees referred to in paragraph 1, points (b) to (h) may convene in different working groups aligned with the specific components of the policy windows, as well as for the Committee in point (ha) in security working groups to deal with the protection of EU classified information and related security aspects arising in relation to matters concerning specific objectives set out in Article 3(2), point (d).

6a. When convening to examine the specific dedicated part on collaborative research and innovation activities as referred to in Article 15(2), except for work programmes on activities set out in Chapter VII, Section 2, the agendas of the relevant committee configurations shall include dedicated items for the part of the work programmes on collaborative research and innovation activities. Two representatives from each Member State shall be invited to the meetings.

7. Representatives of third countries, international organisations or other Union institutions, bodies, offices and agencies may be invited to attend the meetings of the committee configurations under the conditions laid down in their rules of procedure, taking into account security and public order interests of the Union. They shall not be present at, nor shall they participate in the voting of the committee. Representatives of third countries or international organisations shall not be present in deliberations on matters related to eligibility, including deliberations related to Articles 9 and 10 of this Regulation.

8. The EEAS and EDA shall be invited to attend the meetings of the defence industry committee as an observer and to provide its views and expertise in the work of the committee.

Article 84

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in this Regulation shall be conferred on the Commission for the period from the date of enter into force of this Regulation until 31 December 2035.

3. The delegation of power referred to in this Regulation may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to this Regulation shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

6a. This Regulation shall not affect Commission Delegated Regulation No 1159/2013 which shall remain in force, if relevant, until modified on the basis of this Regulation.

Article 85

Amendments to Regulation (EU) 2021/696

Titles I, II and III, Articles 26, 27, 28, 30, 31, 32, 33 and 43, Titles VI, VII, VIII and X of Regulation (EU) 2021/696 are deleted with effect from 1 January 2028.

Article 86

Amendments to Regulation (EU) 2023/588

Chapters I, II, III, IV, Articles 24, 25, 26, 28, and 29, Titles VII, VIII, IX and X of Regulation (EU) 2023/588 are deleted with effect from 1 January 2028.

Article 87

Amendments to Regulation (EU) 2025/2643

Chapters II and IV of Regulation (EU) 2025/2643 are deleted.

Article 88

Repeal

The following Regulations are repealed with effect from 1 January 2028:

(a) Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014;

(b) Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240;

(c) Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092;

(d) Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013.

Article 89

Transitional provisions

1. This Regulation shall not affect the continuation or modification of actions initiated pursuant to the basic acts referred to in Article 85, which shall continue to apply to those actions until their closure.

2. This Regulation shall not affect the implementing acts adopted under Regulation (EU) 2021/696 and Regulation (EU) 2023/588. These acts shall remain in force, if relevant, until modified on the basis of this Regulation, and with the exception of decisions taken pursuant to Article 36(4) of Regulation (EU) 2023/588.

2a. This Regulation shall not affect the implementing acts adopted pursuant to Article 35 of Regulation (EU) 2025/2643. Those acts shall remain in force, if relevant. Upon a proposal from the Commission, the Council, acting by qualified majority, may amend the implementing acts adopted pursuant to Article 35 of Regulation (EU) 2025/2643.

3. The financial envelope referred to in paragraph 1 of Article 4 may also cover the technical and administrative assistance expenses necessary to ensure the transition between the ECF and the measures adopted pursuant to the basic acts referred to in the first paragraph.

Article 90

Entry into force

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

2. This Regulation shall apply from 1 January 2028.

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

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*