

## **EARTO Inputs to ERAC on the next European Research & Innovation Framework Programme (FP10)**

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RTOs are very pleased with the opportunity offered by the EU Framework Programmes to contribute to the European Research Area by developing pan-European excellent and impactful collaborative applied research. In turn, EARTO Members have been very active participants in EU RD&I Framework Programmes for the last decades (See our [analysis for Horizon Europe](#)). With this statement, EARTO brings 6 strategic issues to the attention of the European Council, in its [ERAC](#) composition. EARTO offers a practical perspective to refine ERAC's position on the upcoming European Research & Innovation Framework Programme (FP10):

### **Issue 1. Directionality: Encouraging a stronger and more integrated programming across EU Policies and within the EU RD&I Programme**

FP10 priorities need to be aligned with and supportive of the new EU political agenda following the recent succession of crises in Europe. Europe's recovery is linked to its technological and industrial capabilities, its degree of autonomy and its production capacities to produce locally the essential goods and services for its green and digital transitions, health care systems, etc. This will only be possible with massive efforts and investments in RD&I. Consequently, FP10 should focus on a stronger and more integrated programming across EU policies and within the EU RD&I programme, from basic research to applied R&D and innovation.

➡ ERAC and the EC services should define FP10 priorities to effectively structure and manage the FPs to align EU policies and RD&I programming by design. This would help avoid much of the FP's budgetary instability experienced under Horizon Europe as well as avoid the creation of multiple sectorial programmes (See Issue 2 and Issue 3).

### **Issue 2. Tackling the Recurrent Instability of the RD&I Budget in the Multi-Financial Framework**

The instability of this budget is three-fold: 1) annual re-discussion of the MFF budget, including the consistent position of the Council to reduce the RD&I budget contradicting the European Parliament's push for an increase, 2) yearly changes in allocations within the FP budget, and 3) regular reallocation of the FP budget to new top-down EU policies, which were not accounted for in the MFF and with no new additional funding by Member States. This budget instability is detrimental to RD&I investments by beneficiaries like RTOs and industry: these investments are largely co-funding EU RD&I programmes and are based on medium to long-term investment strategies. The targets set for the European Research Area will not be reached without the FP's reliability and increased investments.

The Council recognised as early as 2000 that raising RD&I investment has a positive impact on long-term economic growth and employment and set a target for RD&I investment of 3% of GDP. Continued efforts to raise RD&I spending saw Member States set national RD&I investment targets. Despite those efforts, the EU has consistently failed to reach the 3% target agreed by the Council. Although most Member States have raised RD&I spending in the past decade, as of 2021, only four Member States have attained the 3% target. In an era of increasing geopolitical tensions, it is crucial to not fall behind in central RD&I fields and to further increase Europe's research capabilities through substantial RD&I investments. Ongoing crises notwithstanding, renewed and concerted efforts from Member States & EU Institutions are needed to mobilise additional RD&I investments in Europe. Higher RD&I spending is not an end in itself, but the prerequisite to provide innovative solutions to Europe's most pressing industrial and societal challenges securing EU's productivity, competitiveness, and sovereignty for the years to come.

➡ The European Council is a key actor in the EU budget negotiations. ERAC should have the ambitions to set in stone key parameters supporting the EU RD&I budget to be enforced by their colleagues within the [European Council Budget Committee](#) during the next EU budget negotiations.

Accordingly, ERAC should look at how to:

- Ringfence the RD&I budget lines within the MFF: the initial budget must be protected to ensure stability, so that participation in FPs remains attractive to participants, academia and industry, especially SMEs. In parallel, keeping a degree of budgetary flexibility to manage unforeseen crises

must be feasible. However, this flexibility will only be achieved by creating a larger budgetary envelope for RD&I within the MFF and by collecting unused pockets of EU financing.

- Reinforce the national targets for RD&I public spending by setting-up concrete national roadmaps to achieve the 3% EU GDP R&D investment target with a clear impact-driven approach, as well as having Member States effectively committing to the 1.25% EU GDP R&D public investment target by 2030 already proposed under the new ERA.
- Create a proper annual Council's review mechanism of current performance vs. the 3% and the 1.25% RD&I investments targets going beyond what the 'soft' ERA review mechanism is today.

### Issue 3. Reflecting on the Overall Management Set-up of EU RD&I Related Programmes

Member States have delegated the management of EU RD&I-related programmes to the European Commission. The Council should take a step back and look at two key issues:

- **Coordination between EU Funding Programmes having RD&I Components:** With the creation of various new EU programmes in the current MFF, beneficiaries are now facing a multitude of programmes each with their own rules for participation. There is a need for creating a streamlined pathway from the research phase to close-to-market deployment across EU programmes and instruments.

- ➔ For the current MFF, ERAC could promote the implementation of practical solutions by the EC services. EARTO members already highlighted [last February](#) various tools that could be developed to support beneficiaries such as: a Synergies Mapping Tool, a single participant portal and a database for all programmes with RD&I-related activities (or at minimum access to the equivalent of eCorda database for all programmes with harmonised metadata to allow beneficiaries proper compilation of the data collected in the different databases), and the EC guidelines, training and support to national funding agencies to facilitate comprehension of the coherence among the various requirements and processes for co-funding (e.g. EC guidance for synergies with FP/ESIF).

- ➔ For FP10, ERAC should support one all-encompassing EU RD&I programme and stop the trend of multiple EC Directorate General(s) having their own targeted EU programme including an RD&I component. ERAC should prevent the fragmentation of the FPs to the benefit of stand-alone sectorial programmes. Many RD&I efforts such as ICT and enabling technologies are transversal to many policies/societal and industrial challenges. Continued fragmentation poses a risk of losing momentum in key transversal technologies in Europe.

- **Ensuring a feedback loop between Implementing Agencies & Policymaking's Services and Quality of support from Agencies:** EARTO is concerned that the feedback loop that should be established between the executive agencies managing the implementation of the FP and the EC DG services responsible for policymaking needs improvement. Services are getting further decoupled from implementation leading to inadequate policy and programming development. Some agencies, focusing on their given implementation targets, are now often reluctant to allow projects a minimum of flexibility to adapt to change in policies (vs. following the fixed project's administrative reporting planning). The elaboration of future work programmes should better integrate the empirical evidence generated in successful projects. In addition, there should be improved guidance/directionality during the projects' implementation to produce the expected impact and contribute to the policy objectives.

Currently, our members experience differences in skills and availability of support for project implementation provided by agencies managing the implementation of different parts of the FP, rendering project implementation, even for experienced coordinators, a difficult and daunting task. This is especially true for projects with special features such as cascade funding grants or transnational access due to the lack of knowledge in the agencies.

- ➔ For FP10, ERAC could look further at what role the FPs' Programme Committees could take in supporting a better coordination between the EC services and agencies for an improved portfolio management targeting the EU policies' objectives.

- ➔ For the current MFF and FP10, ERAC should look further at the evaluation of the various agencies carrying out part of the FPs' implementation and the necessary adjustment for a more adequate management and support structure to EU policies' objectives (vs administrative targets).

### Issue 4. Improving FP's Implementation

Lessons from past and current FPs should be used to plan the next FP. EARTO would like to point out current issues that need tackling in the next transition period and programming:

- **Transition between FPs:** A successful transition between Horizon Europe and FP10 will require proper funding and timing of calls from the current FP and the next one. The transition between Horizon 2020 and Horizon Europe was plagued by some calls being both oversubscribed and underfunded as well as delays in Horizon Europe calls and key documentation.

- ➔ ERAC should be the guardian of an efficient transition process with the EC services and ensure smooth negotiations of the next EU budget by their Budget Committee's colleagues.

- **FP's Structure:** The social and economic effect of the FP's last structure change from input to impact have not been fully analysed (i.e. merging ex-pillars 2 (industrial competitiveness) and 3 (societal challenges) of Horizon 2020 in a single pillar with a very large scope and number of objectives, new pillars and new instruments). Key technologies have been grouped together with societal challenges in the new structure which raises some coherence issues in the current clusters.

➔ ERAC should take the second half of Horizon Europe to analyse these effects and evaluate if new changes are necessary for FP10. As a consequence of the change of structure, ERAC should also assess the impact the mergers of the Programme Committees had on their effectiveness for having to oversee much larger portfolios (e.g. SC2 and SC5 merged into CL6 or SC3 and SC4 into CL5).

- **Improving or Stopping Non-Performing Instruments:** One of the hardest efforts within EU policy planning is to stop existing instruments that are underperforming. EARTO members have reported key issues [last February](#) with a few instruments under Horizon Europe that need improvement: EU Missions, European Institute of Technology vs/and the new European Innovation Council (the 1<sup>st</sup> wave of KICs have changed their business models to be financially self-sustainable tending to resemble the EIC and issues with EIC's IP provisions), European Innovation Ecosystems and the Widening Activities.

➔ For the current MFF as well as FP10, ERAC should analyse the interest in investing in such instruments and request the necessary adjustments and/or stopping of those instruments when deemed as not performing.

- **Proper Portfolio Management within Work Programmes:** this is a key issue for the next Strategic Plan 2025-27.

➔ For the current MFF and FP10, ERAC could look further at what role the FPs' Programme Committees take in support of a better portfolio management across the TRLs ladder within each work programme. This requires some reflection on how Programme Committees can: 1) harmonise TRL levels for the same type of action among clusters while ensuring the TRLs levels' continuum, with special attention to TRLs 1 to 4 aiming at technology developments that are currently underfunded, 2) ensure the proportionality between single beneficiary instruments vs. multi-beneficiaries (i.e. collaborative projects), 3) ensure the balance between Smaller vs. Large Collaborative Projects (e.g. by reintroducing FP7 Specific Targeted Research Projects' type of projects so-called STREPs).

### Issue 5. Launching new Pilots on Technology Infrastructures (TIs)

As highlighted in [our joint Paper](#), EARTO would like to stress the importance of ERA Action 12 launched by the Member States and the European Commission under the European Research Area's framework. EARTO is very much looking forward to the launch of new pilots by the upcoming Advisory Group on Technology Infrastructures following the model developed by the Pilot on TIs on Aeronautics. The new TEFs' Calls under Digital Europe have already initiated further efforts in other industrial sectors. The next step is now to coordinate the development of such pilots within the different clusters and partnerships within Horizon Europe to prepare for a full-fledged EU strategy on TIs under FP10.

➔ For FP10, ERAC should support ERA Action 12 further by using the second half of Horizon Europe to launch new pilots to support the definition within FP10 of a dedicated funding line or "destination" in each future cluster of Pillar 2 so that the different targeted industrial sectors would be able to access their relevant Technology Infrastructures in Europe according to their RD&I needs as road mapped in each co-programmed partnerships' strategic agenda.

### Issue 6. FPs' Simplification for Beneficiaries

One significant change between Horizon 2020 and Horizon Europe is the decreased role of the Council in overseeing the EC services in formulating and implementing the FP's participation rules. This has rendered some of the implemented simplification actions to be more at the benefit of the EC services than the beneficiaries. This came with delays of key documents such as the Annotated Model Grant Agreement (AGA) and led to the extension of lump-sum funding under Horizon Europe without an evaluation covering the whole lifecycle of projects (See [EARTO along with EUA and CESAER](#) various papers).

➔ For FP10, ERAC should properly analyse, with the support of the European Court of Auditors, the impact of current 'simplification' measures for the beneficiaries.

➔ Additionally, ERAC should make the necessary preparations to revise the FP10 regulation's text to ensure better oversight of the Council on FP's rules for participation and their implementation by EC services.

EARTO remains ready to provide additional input on each topic mentioned above: our experts are available for further discussion with ERAC and the other EU institutions to ensure the successful implementation of Horizon Europe and a proper preparation of FP10.

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**EARTO - European Association of Research and Technology Organisations**

Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 31 countries. EARTO members represent 150,000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.

**RTOs - Research and Technology Organisations**

From the lab to your everyday life. RTOs innovate to improve your health and well-being, your safety and security, your mobility and connectivity. RTOs' technologies cover all scientific fields. Their work ranges from basic research to new products and services' development. RTOs are non-profit organisations whose core mission is to produce, combine and bridge various types of knowledge, skills and infrastructures to deliver a range of research and development activities in collaboration with public and industrial partners of all sizes. These activities aim to result in technological and social innovations and system solutions that contribute to and mutually reinforce their economic, societal and policy impacts.

**EARTO Working Group RD&I Programmes:** is composed of more than 160 experts. This WG is looking at the implementation of the EU RD&I Framework Programmes (Horizon 2020 & Horizon Europe), focusing on monitoring their elaboration, simplification and evaluation. This WG is also looking at how RTOs can be involved in and benefit from projects under the European Digital Programme as well as the European Structural and Investment Funds, but also the role of RTOs in Smart Specialisation Strategies as well as the synergies between the Cohesion Policy and the EU RD&I Programmes.

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