

## EARTO Recommendations on the Governance of the new European Competitiveness Fund

31 March 2026

EARTO, representing over 350 Research and Technology Organisations (RTOs) across 32 countries, has long been a trusted partner in building Europe’s research, development, and innovation (RD&I) capacity. Our members, with their deep-tech expertise and collaborative capabilities, have been instrumental in turning European ambitions into tangible results, delivering a range of research and development activities in close collaboration with public and industrial partners of all sizes that drive industrial competitiveness and security.

As noted in our [last recommendations](#), we welcome the European Commission (EC)’s proposals for the next [Multiannual Financial Framework](#) (MFF) for 2028-2034, including the establishment of the [European Competitiveness Fund](#) (ECF) and new [Horizon Europe](#), based on excellence and impact, which arrive at a moment of both opportunity and urgency. As Europe stands at a crossroads, it must respond with bold, coordinated actions to shape the continent’s tech capabilities for decades to come.

Viewing the Council amendments on both regulations and [ITRE Committee’s draft FP10 report](#), calling for a €220 billion budget for FP10, which we fully support, we hereby provide the following contributions on the governance of MFF Heading II: Competitiveness.

### Common Understanding on the EC Proposals & Key Issues for RTOs

EARTO's current understanding of the EC proposals orchestrating the new MFF Heading Competitiveness, combining the ECF and FP10, is summarised in the following graph:

Policy Windows Funding Instruments		Clean transition and industrial decarbonisation	Health and biotech, agriculture and bioeconomy	Digital Leadership	Resilience and security, defence industry and space	Total Budget
European Competitiveness Fund (excluding HE)		€26.2bn	€20.4bn	€51.5bn	€125.2bn	€223.3bn
		ECF InvestEU Instruments				
						<b>€41.2bn</b>
Horizon Europe	Pillar II	€25.3bn	€19.7bn	€16.9bn	€6.4bn	€75.9bn
	Other Pillars	Pillar I (ERC/MSCA) + Pillar III (EIC) + Pillar IV (RTIs with budget €10.9bn/Widening)				€99.1bn
						<b>€451bn</b>
+ Connecting Europe Facility (CEF)						<b>€81.4bn</b>

New Financial Toolbox/  
Single Rulebook

RD&I Grants/  
Exempt Stat-aids

The key issues for our sector identified in the EC proposals are the following:

- **A ring-fenced budget for RD&I is clearly needed to ensure stability of investments for all RD&I actors.** The commitment to a ring-fenced budget for RD&I in the next [Multiannual Financial Framework](#), now set at €175.3 billion in the EC proposal and boosted by the EP to €220 billion, is a vital step forward. **We very much welcome the ITRE Committee of the European Parliament in its newly published draft FP10 report, calling for a €220 billion budget for FP10. At a minimum, EU Negotiators must protect the RD&I budget in the upcoming EU triilogue negotiations, avoiding any cuts.** To guarantee stability and clarity, the ring-fencing of the RD&I budget and the linkage between the two programmes should be explicitly set out in both the ECF and FP10 regulations, with two separate, standalone budgetary allocations for FP10 Pillar 2 and the ECF policy windows.

- **Securing a substantial budget share for collaborative RD&I in FP10:** Horizon Europe Pillar 2 is the core collaborative part of the FP, enabling knowledge to flow across sectors and among EU RD&I actors. Its role is central for building Europe's technology sovereignty in key industrial sectors and their value chains. While the proposed overall increase of the FP10 budget for collaborative RD&I is welcome, the Pillar 2 share of the FP10 budget has remained unchanged compared to the EC's proposal, which, in relative terms, weakens its position. EARTO therefore calls for a more ambitious allocation: **at a minimum, the current share of almost 60% of the Horizon Europe budget dedicated to collaborative RD&I under Pillar 2 should be restored.** This is fully aligned with Europe's strategic priorities. According to the [EC's own analysis](#), the EU invests only 40% of its R&D funding in experimental development, compared with 68% in the USA and 83% in China<sup>1</sup>. As stated in [Draghi's report](#), "*First – and most importantly – Europe must profoundly refocus its collective efforts on closing the innovation gap with the US and China, especially in advanced technologies.*" FP10 Pillar 2 will be essential to meeting this objective. This is also critical for the success of the ECF. **Paring back Pillar 2 would shrink the pipeline of technologies to be further deployed, undermining the effectiveness of the ECF and ultimately discouraging private RD&I investment.**
- **Safeguarding the integrated approach to RD&I and industrial policies by linking FP10 Pillar 2 on collaborative RD&I with the ECF through the policy windows:** Europe's priority is to improve its capacity to deploy technologies at an industrial scale and translate them into new products and services. This reflects the recognition that the EU so far has lacked a strong, EU-wide industrial deployment programme<sup>2</sup>. Combining ECF grants for deployment and FP10 RD&I grants is a clear step forward in addressing this gap. The creation of the ECF, together with a strong collaborative RD&I component in Pillar 2 of a stand-alone FP10, reflects an integrated approach to RD&I and industrial policies<sup>3</sup>. As they clarify the EC proposals for both programmes, **EU negotiators should therefore prioritise bringing EU RD&I and industrial policies closer together**, as supported by industry<sup>4</sup>. This would allow Europe to align its agendas and translate them into stronger and more targeted investments in key technologies, creating critical mass to generate effective impact along strategic industrial value chains.
- **The integration of both Research and Technology Infrastructures under FP10 Pillar 4, in line with the [European Research and Technology Infrastructures Strategy](#):** this echoes EARTO's continuous voice for a more robust and competitiveness-oriented RD&I ecosystem<sup>5</sup>. EARTO, therefore, welcomes this proposal.

## EARTO Recommendations for the Upcoming Negotiations

Accordingly, EARTO puts forward the following recommendations to the EU negotiators on the MFF, ECF and FP10 regulations:

### Recommendation 1 – Decouple the budget allocation between FP10 and ECF

**To ring-fence the budget for RD&I, there should be separate, standalone budgetary allocations for FP10 Pillar 2 and the ECF windows, while work programming should be done jointly. FP10 budget should be clearly restricted to RD&I funding.** This would enable 1) the development and maturation of technologies in FP10 Pillar 2 and 2) their industrial deployment through ECF grants and other investment instruments, such as InvestEU and the Innovation Fund. This requires that the ECF be mostly a grant-based programme for deployment of technologies for/by industry to be complemented by additional financial instruments (and not the other way around). The ECF should be more than the sum of its parts, i.e. more than a simple addition of (previous) EU programmes. The ECF should be a central vehicle for improving the EU's industrial deployment of key technologies. Together, FP10 and ECF should create a coherent set of programmes and instruments that ensure a smooth investment journey from basic research through technology development and maturation to industrial deployment of new products and services. This journey is not linear and needs iteration as well as constant exchange between research, development and innovation phases. The aim should be to further **simplify the EU landscape, while ensuring that de-risking, through strong public RD&I investments, is complemented by substantial private RD&I investments.** Beneficiaries should be able to easily identify and access the most suitable EU programmes/instruments for the specific development stage of their technologies/solutions. This should result in a clear and coherent continuum from one instrument/programme to the next. Such pathways can be ensured by **closely linking ECF & FP10 through joint work programming, once budgets have been clearly allocated.**

<sup>1</sup> See similar analysis in [EARTO Paper on next MFF](#).

<sup>2</sup> See [EARTO Recommendations](#).

<sup>3</sup> See [EARTO Reaction to the EU Competitiveness Compass](#) and [EARTO paper on the Next EU MFF](#).

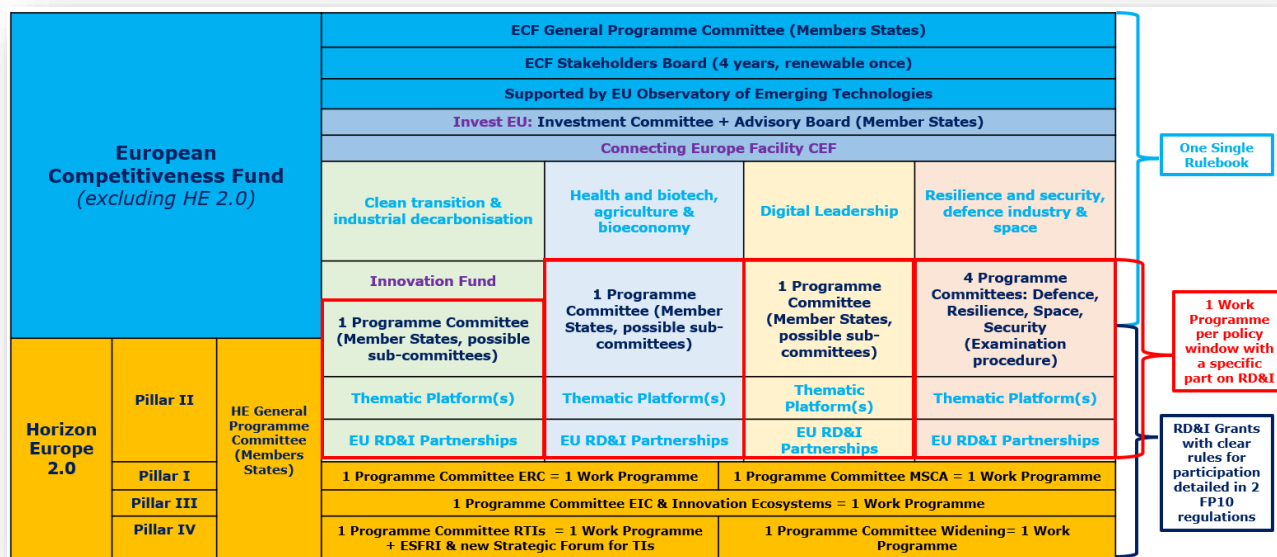
<sup>4</sup> See [BusinessEurope position paper on ECF](#).

<sup>5</sup> See [EARTO Press Release](#) and [EARTO Papers on TIs](#) since 2019.

## Recommendation 2 - Ensure smart linkage between ECF & FP10 through joint work programming, an enhanced ECF Stakeholder Board and an Advisory Board to the EU Observatory of Emerging Technologies

Several Member States have recently called for 'a well-articulated strategic priority-setting mechanism, coupled with a governance structure that explicitly defines the respective roles, complementarities and interaction points between the two programmes, while fostering R&I and industrial capabilities and competitiveness'<sup>6</sup>.

Based on the EC proposals for both the ECF and FP10, including the Council's compromise text amendments, which we welcome for the most part, the future governance of the two programmes can be understood as follows:



The governance structure presented above builds on the well-known governance of past FPs for the definition of joint work programmes for Pillar 2, linking them to ECF activities. We encourage the **creation of a joint work programme with two sub-parts that each have their separate budgets: one for FP10/RD&I activities (managing the FP's ring-fenced budget) and one for the ECF grant-based deployment activities.** This will also require ministries' experts to work hand in hand in with ECF/FP10 Pillar 2 Programme Committees, under a shared timeline. The composition of national experts should be adapted to each ECF policy window: it must include, by default, experts from RD&I ministries to shape the RD&I part, ensuring a balanced TRLs' coverage in the work programmes. Such governance brings clear added value: it **enforces closer coordination between industrial/sectorial policies and RD&I policy while the ECF & FP10 budget lines remain fixed and separate in the regulations (and later during implementation).**

By contrast, establishing two independent work programmes would make ECF-FP10 joint programming optional. In addition, such an approach risks creating implementation delays and gaps in continuity, reducing predictability of investments for all RD&I stakeholders, weakening the overall programme's coherence and running counter to the simplification objective.

Therefore, we advise against creating separate councils for ECF & FP10. Instead, **the working methods and composition of the ECF Stakeholder Board should be further detailed in the ECF regulation.** The ECF Stakeholder Board should provide strategic input, advising and informing, without decision-making authority on programming. Steering the ECF and Horizon Europe Pillar 2 must be grounded in a strong technological understanding. Accordingly, the ECF Stakeholder Board must include strong RD&I expertise to ensure coherence. To this end, we suggest **creating two sub-committees within the ECF Stakeholder Board:**

- **one sub-committee acting as the equivalent of "a Pillar 2 Board/Council", focusing on RD&I-related issues (similar to the EIC and ERC Boards) and,**
- **one sub-committee focusing on deployment, skills and better regulation issues.**

This would respond to the European Parliament's call for a proper balance in the representation of stakeholders, ensuring that RD&I stakeholders are fully integrated and effectively leveraged within the ECF governance.

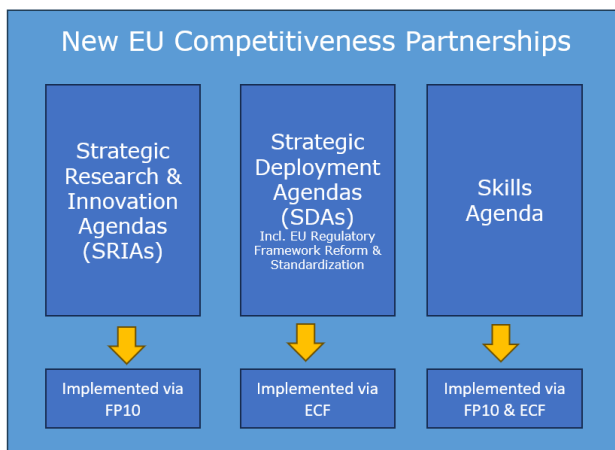
<sup>6</sup> HOW TO ENSURE AN EFFECTIVE R&I PRIORITY-SETTING MECHANISM AND DECISION PROCESS, CO-SIGNED BY AUSTRIA, CROATIA, FRANCE, HUNGARY, ITALY, LITHUANIA, POLAND, PORTUGAL, SLOVENIA AND SPAIN, Council AOB, 25 February 2026.

To further strengthen the ECF and FP10 interaction, **the New Observatory of Emerging Technologies should be complemented with an Advisory Board to integrate stakeholders' expertise into the observatory's work.** Such a board would ensure that the technology-foresight expertise of RD&I actors, including RTOs, is systematically used in preparing the observatory's advice for future work programming. Non-profit, mission-oriented stakeholders like RTOs already carry out similar work for their national ministries. Given their specific public mission, RTOs have an important advisory role to play in designing and implementing stronger links between EU RD&I and industrial policies. Adding such a board would allow the observatory to strengthen its capabilities through leveraging highly specialised knowledge and experience. The latter should be further mobilised to inform the decision-making of the ECF Stakeholder Board.

### **Recommendation 3 - Build on the EU Partnerships to develop the ECF & FP10 Pillar 2's work programme, driven by industry & RTOs**

In addition to the Programme Committees that ensure Member States buy-in, the work programming of the ECF and FP10 Pillar 2 should make full use of EU industrial partnerships and thematic platforms, as envisaged in the EC proposal. EU RD&I partnerships (both co-programmed and Joint Undertakings) bring together a critical mass of industrial and RD&I expertise to address critical challenges. Existing EU partnerships were created to coordinate and leverage the EU RD&I ecosystem and have so far focused on defining pan-European strategic research & innovation agendas (SRIAs). Joint Undertakings have proven their ability to align EU and national investments, far beyond what other RD&I instruments have achieved.

Building on this experience, **EU partnerships could transform into more encompassing EU alignment instruments, reflecting joint programming under the ECF Policy Windows.** They could be delivering two well-connected agendas: SRIAs for the RD&I specific dedicated part (to be implemented through FP10 grants), as well as developing new strategic industrial deployment agendas (SDAs) for the ECF part (through ECF grants, complemented by additional ECF financial instruments and IPCEIs). Such strategic industrial deployment agendas by EU partnerships could propose further activities to industrially deploy technologies developed under previous SRIAs using the new ECF toolbox, i.e. accelerated & targeted actions for competitiveness, EU Tech Frontrunners, Production ramp-up actions, IPCEIs. The SDAs could include discussions around reforms of the EU regulatory framework and EU standardisation efforts. The EU partnerships could also be tasked to orchestrate the skills agendas needed to further develop their industrial value chains to accompany both their SRIAs & SDAs, as depicted in the graphic below.



In this context, we strongly welcome the efforts to streamline and strengthen the EU partnership portfolio. Faster funding procedures would boost participation by large companies and their value chains, which is essential for planning further deployment activities under the ECF policy windows. We also support the Council's compromise text amendments calling for Member States' involvement in the identification of partnerships as well as a systematic engagement of all stakeholders, an improved EC reporting on partnerships' evaluation and results, new data strategies for each partnership, common indicators and transition strategies beyond the EC's current lifecycle approach.

### **Recommendation 4 - Add expertise-driven management via ECF Thematic Platforms to areas not (yet) covered by partnerships**

Supported by strengthened EU partnerships alongside one comitology, **the ECF Thematic Platforms could be leveraged as an orchestration mechanism for stakeholders' inputs in areas not (yet) covered by a partnership or in transversal areas, spanning over several partnerships and/or policy windows:** such as new/open areas of interest or transversal topics in line with a bottom-up approach.

Accordingly, to insert expertise-led programming between ECF and FP10 Pillar 2, the ECF Thematic Platforms could:

- Act as **strategically managed interfaces with thematic portfolios integrating RD&I expertise to address industrial challenges and create pathways to deployment** in areas not (yet) covered by a partnership or in transversal areas, overarching several partnerships and/or policy windows.

- Constitute the **“open” block to integrate bottom-up topics** into the work programmes of the policy windows.
- Function as a **cross-policy window’s coordination mechanism** to ensure synergies between ECF and FP10 instruments and avoid duplication, advising on the programming across policy windows.
- Include representatives of all relevant stakeholders, ensuring expertise-driven inputs into agenda-setting and implementation.

EARTO members are glad to engage in further discussion with EU co-legislators on how to enhance expertise-led programming, as well as the agility of the next EU programmes.

### **Recommendation 5 – Define the New EU Strategy on Technology Infrastructures to support FP10 as well as the ECF**

EARTO welcomed the European Commission’s [new EU strategy on Research and Technology Infrastructures](#), which marked a pivotal moment for Europe’s RD&I ecosystem and recognises the indispensable role of Technology Infrastructures (TIs) to close the gap between research and deployment. EARTO welcomes the further support given by **the ITRE Committee of the European Parliament in [its newly published draft FP10 report](#)**.

To ensure Europe’s technology capabilities remain globally competitive, **investments in TIs must be scaled up, with a dedicated budget line under FP10 Pillar 4 (i.e. a separate-from-the-Research-Infrastructures budget line of at least 50% of the budget for both)**. While the proposed €10.9 billion budget for both Research and Technology Infrastructures under FP10 is welcome, it will fall short of actual needs for both types of infrastructures. Indeed, a recent [European Investment Bank \(EIB\) study](#) estimates Europe’s funding requirements for TIs alone at €13–16 billion by 2030. To address this gap, the budget for future RTIs’ programmes must be increased.

Recognising that both CAPEX (capital expenditure) and OPEX (operational expenditure) needs for TIs are high, and that support is currently fragmented, the upcoming EU instrument for TIs will have to address both capital investment as well as funding calls for research collaborations to maximise the use of those infrastructures by industry & RD&I actors.

In addition, the FP10 Pillar 4 investments on TIs need to develop clear links to the ECF policy windows, possibly being further supported by the ECF financial toolbox to deliver coherent, strategic investments in TIs that build a strong, resilient, and leading-edge techno-industrial base<sup>7</sup>. Accordingly, the **TIs’ definition should be inserted into the ECF regulation (as done already in Horizon Europe regulation proposal)**, to explicitly complement FP10 activities<sup>8</sup> and leverage ECF funding to this end.

TIs will not only respond to RD&I needs of industry but will also be part of the deployment solutions for industry (See the examples of the 5 pilot lines for semiconductors sector, the 5 pilot lines on quantum technology, new testing facilities for aeronautics, all developed by RTOs with their industrial partners including national support, also linked to EU partnerships in the case of semiconductors and aeronautics). It should be noted that future ECF funding for TIs should not be limited to bank guarantees or EIB loans, which may fit the industry but are inaccessible to RTOs from a legal standpoint. Furthermore, the upcoming Strategic Forum for Technology Infrastructures can be tasked to develop such links between the ECF and the FP10 programme.

In parallel, the EU Partnerships could be tasked to carry out mappings of available infrastructures in Europe to implement their SRIAs and their strategic industrial deployment agendas (SDAs) and identify needs for new investments. Member States and the EC would then have a comprehensive overview of needs in infrastructures, thanks to the ESFRI mapping for research infrastructures and the partnerships’ TIs’ mapping.

Europe’s future prosperity will be decided by its ability to invest boldly and strategically in its technological capabilities. The EC proposals lay a strong foundation, but they must now be sharpened and fully aligned to deliver impact at scale. At this decisive moment, European leaders have a unique opportunity to invest in the ideas, infrastructures and industrial capacities that will secure Europe’s place at the forefront of global innovation. EARTO is committed to helping shape choices that are transformative to reinforce Europe’s strategic autonomy, competitiveness and technological leadership.

<sup>7</sup> See EARTO [Press Release](#) on EU RTIs’ Strategy and all EARTO [Papers](#) related to TIs.

<sup>8</sup> See EARTO [Analysis](#) of EC Regulation Proposal: Establishing the European Competitiveness Fund (ECF).

For more information on detailed recommendations on the ECF and Horizon Europe regulations' texts, please see the following documents:

- [EARTO Recommendations on the EC Proposals for a European Competitiveness Fund and Horizon Europe](#)
- [EARTO Analysis on EC ECF Proposal](#)
- [EARTO Analysis on EC New HE Proposal](#)
- [EARTO Analysis on EC New HE - Specific Programme Proposal](#)

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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 32 countries. EARTO members represent 228,000 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.*

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