

POSITION ON THE 10th FRAMEWORK PROGRAMME FOR R&I

June 2024

PRIORITIES FOR A STRONGER R&I IN EUROPE

What is it about?

The European Union Framework Programmes for Research and Innovation are multi-annual initiatives aimed at funding and promoting scientific research and innovation in Europe.

The current programme, launched under the name **Horizon Europe (FP9)**, covers the period **2021-2027** with a budget of **€95.5 billion**. Horizon Europe follows **Horizon 2020 (2014-2020)**, which, with a budget of **€80 billion**, enabled rapid responses to outbreaks of COVID-19, Ebola, and Zika, funded over 35,000 projects over 7 years, and is expected to contribute to an average annual increase of €15.9 billion in EU GDP, totalling €429 billion over the period 2014-2040¹.

This demonstrates that investments in research and innovation at the EU level are profitable. It is therefore crucial that the 10th EU Framework Programme for Research and Innovation (**FP10 - 2028-2034**), for which the Commission is expected to unveil its official position by July 1, 2025, be ambitious and well-structured. This objective is crucial, whether it is achieved through the continuation of a standalone EU Framework Programme for research and innovation or through its integration within a broader "European Competitiveness Fund".

The position that MEDEF advocates in this document aligns with that of Business Europe, of which it is a member and followed consultations with MEDEF's Digital and Innovation Commission.

Strengthening international co-operation

In a context where Europe currently lags behind other competing regions (e.g., the EU is behind in 37 of the 44 key technologies, and our digital economy is 2 to 3 times weaker than that of the USA), strengthening international co-operation through an industry-oriented and collaborative strategy is necessary. Therefore, we call for **an ambitious European project** that allow like-minded countries **to be eligible to EU fundings**. In fact, strengthening collaboration with strategic partners outside the EU does not exclude the possibility of suspending it for sovereignty reasons if necessary.

Several recommendations emerge from these observations:

- **Allocate a higher budget for FP10 compared to Horizon Europe**, with an increase of at least €34 billion "to fund all high-quality proposals"².
- **Ensure transparent and stable public support throughout the programme's execution** to provide reliable long-term visibility to stakeholders in the innovation ecosystem.
- **Reduce the complexity of funding allocation and management processes** in European research programmes.
- **Enhance service offerings and include specific measures for SMEs**, focused on market-oriented, industry-driven initiatives.

Ensuring innovation-friendly regulation

We also stress the **need to establish regulations conducive to innovation by creating a framework for regulatory sandboxes** that promote innovation and new technologies. Indeed, there is currently no European framework for this purpose. It is also essential to **introduce an innovation stress test** (an evaluation process designed to determine the capacity of an innovation - whether it be a product, service,

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52024DC0049>

² *Ibid.*

or technology - to withstand market and environmental challenges and pressures) and to **strengthen the valorisation of research knowledge**.

Additionally, we advocate for limiting the **processing time for IPCEIs** (*Important Projects of Common European Interest*) **to a maximum of 4 months** (current timelines can exceed 12 months) to facilitate the launch and implementation of large-scale innovative projects.

Generally, it is necessary to **simplify instruments** to facilitate the participation of smaller players and **focus more on implementation rather than on the broader objectives of the programme**.

Finally, we recommend **cutting EIC procedure times in half** to ensure the rapid implementation of innovative projects.

Improving EU Funding for Businesses

To **enhance access to R&D funding in Europe**, it is essential to **focus on excellence and results**. Therefore, **the next Framework Programme should be more oriented towards industrial research** by making funding more accessible to companies and **increasing incentives for their participation**.

Furthermore, **simplifying administrative procedures** is crucial to allow companies to concentrate on their R&D activities rather than navigating excessive administrative burdens.

We also advocate for **all European countries to contribute to the ETCl**³ to share the effort of financing scale-ups.

We also call for **doubling the EIC budget, drawing inspiration from the DARPA model, which should inform the EIC's management strategy** to secure additional funding for high-risk, high-impact innovation projects.

Finally, it is **necessary to ensure comprehensive funding for both low and high TRL** (*Technology Readiness Level*) **stages**.

Strengthening R&D Ecosystems and Collaboration

Given the current environment characterised by **rapid technological transformations**, it is essential to adopt an increasingly **cross-sectoral** approach. We advocate for:

- **Promoting and prioritising collaboration** between industry, RTOs (Research and Technology Organisations), and universities.
- **Strengthening R&D and industrial innovation collaboration** at all TRL levels.
- **Extending collaboration to lower TRL levels** (1 to 4).
- **Improving links between the main elements of Horizon Europe's pillars**.
- **Adopting a breakthrough approach** (moonshots) with technological monitoring of projects and the possibility of terminating funding for failing projects.
- **Strengthening and maintaining SME participation** within the RDI ecosystem.
- **Integrating research infrastructures across all three pillars**, not only Pillar I, to ensure broader support. Generally, we should avoid siloed thinking and adopt a cross-cutting approach.
- **Networking existing infrastructures and opening their access** to wider and transnational European ecosystems.

³ The ETCl (European Tech Champions Initiative) is a new fund of funds in support of technological champions launched by the French Government in February 2023. It supports high-tech companies and aims to bridge the funding gap that creates dependence on non-European capital. The initial commitments obtained by the ETCl amount to €3.75 billion (from France, Spain, Germany, Italy, and Belgium).

Public-private partnerships (PPPs) play a central role in implementing RDI programs and thus in the long-term competitiveness of the EU. In this regard, we call for:

- **Maintaining the public-private partnership approach.**
- **Simplifying the existing framework** to ensure transparency in processes.
- **Streamlining calls for proposals** for PPP joint undertakings by harmonising contractual procedures.
- **Enhancing the development and use of technological infrastructures** that enable the transition from applied research to large-scale industrialisation in cutting-edge technological sectors.
- **Harmonising procedures between countries and regions** within co-funded partnerships. Ensuring alignment of rules across various programs is crucial to facilitating companies' access to these programs.
- **Improving a wide range of “test before investing” services** across regions to support industrial transition.

Supporting industrial development

Industrial RDI accounts for two thirds of all RDI spending in Europe, therefore it is essential to ensure that the industry sector is adequately **represented in the Commission's advisory bodies**. Europe must also **consider industry needs in its R&D policy** and monitor private investments. It is equally crucial to:

- **Support industrial research** to foster rapid and sustainable value creation.
- **Establish a transparent, stable, and predictable** framework for public funding.
- **Introduce an IPCEI in the agri-food sector and other strategic areas.**
- **Encourage SME participation** in research and innovation projects.
- **Ensure that the expansion of the “Horizon Europe” program does not compromise the excellence of innovation programs.**

Attracting and educating a skilled workforce

To strengthen innovation and the competitiveness of companies, **it is essential to invest in a skilled workforce** by **focusing on STEM** (Science, Technology, Engineering, Mathematics) from an early age. Efforts should be made to **create attractive career paths** to retain talent, train experts in new technologies, and encourage skills initiatives through EU funds. We also call for a **harmonisation of education policies**.