Key Recommendations on Horizon Europe and the ECF – ahead of the trilogue negotiations

As of 13 November 2026

Budget for FP10 and Pillar II

The European Commission's proposal of 2025 foresees a budget of **€175 billion** for FP10, while the European Parliament calls for a budget of **€200 billion**. The Cyprus Presidency of the Council of the EU foresaw a reduced budget of **€168 billion** (June 2026), while the negotiation box of October by the Irish Presidency proposes an even further reduced budget of **€158 billion** *(all current prices)*.

- The **Federation of Austrian Industries** (IV) and **Forschung Austria continue to call for** a **budgetary envelope** of **at least €200 billion** (*in current prices*) for the new Horizon Europe 2028–2034 to decisively advance Europe's position as a leading global hub for RD&I. Furthermore, **ringfencing of RD&I-budgets** for the sake of stability for RD&I investments is of utmost importance and should be explicitly addressed.
- It is highly critical that Horizon Europe-**Pillar II** has recorded the lowest proportional budget increase, and the share has sunk from 56% to 43%, despite its vital role in strengthening Europe's global competitiveness through cross-border, cross-value chain/ecosystem and multidisciplinary collaboration between Science, RTOs, SMEs and large companies and its paramount importance for securing the industrial base and retaining value creation in Europe. The objective must therefore be to **increase the budgetary share of Pillar II** to the level of the negotiated outcome for Horizon Europe 2021–27, i.e., 56% of the total budget.
- **Excellence** must remain the **guiding principle** for Horizon Europe and the European Competitiveness Fund (ECF) while being balanced with the objective of broader participation ("Widening"). To support the Widening agenda, Structural Funds/NRPPs should increasingly address RD&I priorities, through capacity-building and related measures, accompanied by appropriate national co-financing.

The **downsizing of the budget by the Council**, as well as the **decreased Pillar II-share** risks undermining the very investments Europe needs to remain competitive and are steps in the **opposite direction to the aim** of **making Europe much more competitive**. Europe's ambitions on competitiveness, strategic autonomy, resilience, security and the green and digital transitions require a strong and adequately funded Horizon Europe. Its **budget must be protected** and must not be used to compensate for political compromises in other parts of the MFF.

Definitions and funding rates

- With regard to **funding rates,** we **disagree** with the **limit of 70%** funding rate for 'for-profit entities'. The envisaged reduction in funding for profit-making large enterprises within RIAs to a maximum of only 70% is counterproductive, fails to achieve

simplification, and will have a negative impact on participation. The Proposals to limit funding rates only for actions of activities like prototyping, testing and demonstration could be a step in the right direction.

- The Commission proposal includes a **new definition of 'for-profit legal entities'** (Article 2), **replacing the previous definition of 'non-profit entities'**. Under the proposed wording, a number of RTOs fall in scope of the 'for-profit' definition solely on the basis of their legal form under private law (e.g. a GmbH in Austria).

- This would result in **a reduction of the funding rate to 70% of eligible project costs** (see Article 27) and further disadvantages, which could fundamentally affect RTO's ability to participate in the EU framework program. Exempting RTOs by either completing the definition of 'for-profit entities' with the definition of 'non-profit entities', which is already used in the current Horizon Europe 2021–2027 Regulation, or by adapting the current wording would resolve this problem.

Financial contributions and in-kind contributions

The Commission proposal currently limits participation options of partners in EU RD&I-partnerships to **financial contributions only**. Important progress on in-kind contributions has already been achieved in the Council's position, while the European Parliament's ITRE report on Horizon Europe also supports maintaining this option through several amendments.

- However, **in-kind contributions** enable meaningful industrial participation (incl. SMEs), foster cooperation, knowledge and technology transfer across the innovation ecosystem, and facilitate the scaling-up and market deployment of innovative solutions. **Financial and/or in-kind contributions** directly linked to EU-funded projects **must continue to be recognised as equivalent forms of participation** in European RD&I-partnerships. The Council provisions recognising financial and in-kind contributions as valid and equivalent forms of participation should be preserved in the final agreement.

- Relying **solely** on **financial contributions jeopardizes deep industrial integration** and **undermines** the **core purpose** of **collaborative RD&I without delivering greater innovation impact** or effectiveness. In-kind contributions (personnel, equipment, infrastructure and internal expertise) enable companies and RTOs to participate directly in collaborative projects and EU RD&I-partnership projects. Only through this mechanism, active collaboration and corporate commitment to the initiatives can be generated, corporate participation can be secured, and direct know-how transfer can be guaranteed. **Collaboration** between industrial players **across the value chain**, universities and RTOs through in-kind contributions has been and remains the critical innovation ecosystem builder. **European ecosystems** are the only means **to compete** with orchestrated economies or large monopolistic players in other regions.

- **Pure transfer of RD&I-execution** leads to **additional losses** at interfaces. They are a transfer payment, that means contract research without RD&I collaboration. As a consequence, inputs from companies would be missing in the collaborative

ecosystem and companies are not able to build expertise that is needed to scale and industrialise RD&I-outcomes.

Governance and Stakeholder Involvement in Horizon Europe and ECF

We welcome the commitment to ensuring a **tight link** between Horizon Europe and the ECF. However, as each programme runs under a **different logic**, one focused on mid-to longterm RD&I and one on a more short-term industrial and market-driven agenda, the two need to be **closely and well-aligned** through coordinated work programmes rather than subordinated to each other.

- Basic programming of both programmes should - although not completely decoupled - **remain separate**; to guarantee both instruments can fully focus on their objectives, while at the same time **ensure structural mirroring, effective coordination and alignment** on equal footing.
- **Strong involvement of expertise from Science, RTOs and industry in the governance of *both* programmes is essential** to ensure that they remain grounded in scientific, technological and industrial realities.
- The **programming of Horizon Europe**, particularly Pillar II, should **remain firmly driven by RD&I expertise** from Science, RTOs and RD&I-active industry, bringing in the necessary **expertise of technological** and **industrial realities**, as well as Member States. While strategic coordination with the ECF is essential, its programming should not directly shape or determine Horizon Europe's priorities. **RD&I cannot be an afterthought**; it must have a real say in defining priorities, set the groundwork for future success, and connect effectively to subsequent deployment actions in the ECF.
- Strategic programming should **also include the expertise of EU RD&I-partnerships** and their ecosystems which are actively involved in shaping the technological and industrial future of their respective sectors and thus their market realities and potentials.
- We welcome the idea of **joint meetings** between the Horizon Europe Programme Committee configurations and their ECF counterparts, as specified to some extent also in the Council's Compromise text (PGA) and the recent ITRE report. Above all, it is important to ensure that these joint meetings take place on an equal footing and that decisions are based on agreed-upon RD&I priorities.

A High-Level Council for Pillar II as the unified, strategic voice of Pillar II

We strongly welcome the proposal in the ITRE Position on Horizon Europe to establish a **High Level Council for Pillar II,** as also suggested by the Heitor-Group. The proposed **expert-led programming** with involvement of Member States experts could contribute to more flexibility, speed and agility in decision making, which is strongly needed, but also needs further clarification.

Role of the High Level Council

The proposed High Level Council should **steer the effective alignment** of Horizon Europe and the ECF and facilitate expert-driven dialogues. It should **act as the hinge** between the pillars within Horizon Europe and the ECF by facilitating strategic coordination and communication. The High Level Council should **strengthen** the **visibility** and **strategic role** of Horizon Europe-Pillar II within Horizon Europe, providing it with a strong and unified strategic voice, comparable to the roles of the European Research Council (ERC) in Pillar I and the European Innovation Council (EIC) in Pillar III.

Accordingly, the **role of the High Level Council for Pillar II** should be further clarified as follows:

The Council shall…

- establish an **overall strategy**
- act as a **communication platform** for collaborative RD&I in Horizon Europe,
- serve as **link to Pillar I / ERC Scientific Council** to secure the uptake of Scientific outcomes into development of robust technologies and solutions in collaborative ecosystems. It should also serve as a **link to Pillar 3 / Board of EIC** to match start-ups with established companies, create successful b2b-relations and new European value chains, and help retain talent and companies funded in Europe.
- serve **as RD&I-part and hinge to the deployment-part** in the **Competitiveness Windows** and should therefore hold **a seat in the relevant committees** responsible for programming of Horizon Europe as well as the ECF
- **integrate** relevant **expertise** of the whole **RD&I-ecosystem** (incl. RTOs, SMEs, large companies etc.)
- **integrate** relevant **expertise** of **EU RD&I-partnerships**
- **monitor instruments** using clear KPIs across all Competitiveness Windows, their seamlessness across the innovation lifecycle, their speed & agility performance and their ecosystem building power.
- **establish and transfer best practices** across organisations, set targets and improvement recommendations for the portfolio of programmes.

Selection of the High Level Council-Members

It is essential that its **composition adequately reflects the R&I activities within the Pillar**, that the **experts are of the highest repute and expertise** and that it has the **competences** to appropriately guide the strategic direction of Pillar II.

- **Seats within** the **High Level Council must reflect** the **budgetary weight and the challenges** of each window instead of a 50-50 split. With around 90%[1] of Pillar II

[1] In the Commission proposal (COM(2025) 543, Article 6), Pillar II is allocated as follows: Window I: Clean Transition and Industrial Decarbonisation (EP: Energy Infrastructure, Decarbonisation & Clean Technology), €25.3 bn (33.4%); Window II: Health, Biotech, Agriculture and Bioeconomy (EP: Biotechnology, Health and Sustainable Prosperity), €19.7 bn (25.9%); Window III: Digital Leadership (EP: Digital Leadership and Infrastructure), €16.9 bn (22.2%); Window IV: Resilience and Security, Defence Industry and Space (EP: Space, Critical Raw Materials, Security), €6.4 bn (8.5%); and Society (EP: Global Societal Challenges Window, incl. New

funding in the competitiveness-related windows, the clear majority of seats should represent these windows by relevant expertise.

- The Council leadership should act as **ambassadors for collaborative research**. Therefore, the Council is chaired by an industry-representative and one representative of a RTO carrying out applied R&D to a sufficient extent.
- Regarding the **selection**, and as for the ERC Scientific Council and the EIC Board, members of the High Level Council should be appointed in their personal capacity on the basis of expertise. As a whole, the council must cover all windows, the whole RD&I-ecosystem and the EU RD&I-partnerships.
- The Council shall be **composed of experts of the highest repute** and with the appropriate **expertise** in applied Science, research and technology development as well as **practical backgrounds** of cross-sector R&D, RD&I-partnerships in RTOs and industry. Relevant experience must have been gathered at least over the past 5 years.

Expert-led programming

We agree that broad strategic orientations should remain politically legitimised, while the translation of these orientations into concrete RD&I priorities and work programmes should rely much more strongly on independent scientific, technological and industrial expertise. We therefore support **expert-led programming**, while some aspects of the suggested **decentralised expert team driven system** (guidance through a High Level Council, implementation through Lead Experts/ Expert Teams) should be further clarified and improved:

- Although the **selection of these expert teams** will be based on different criteria (scientific excellence, innovative track record, commercial experience, management capacity) it is rather unclear how it can be ensured that the right (technology and market) competence for each topic within the policy windows is covered - especially since such decisions in applied RD&I are to be made in close collaboration within RD&I-ecosystems.

- Expert teams **should not only cover single sector perspectives** or specific technology areas but also foster cross-sector thinking and identify opportunities for cross-sector innovations. Also, they must **reflect the necessary alignment** between **RD&I and deployment** and must **consult relevant R&I stakeholder communities** for drafting the work programmes.

Strategic Stakeholder Board (in the ECF)

The ECF Strategic Stakeholder Board needs to ensure **strong RD&I representation**, including industry and RTOs through seats allocated to the **High Level Council Chair** and both **Co-Chairs**.

European Bauhaus Facility), €7.6 bn (10.0%). The shares refer to the Commission's Pillar II total of €75.9 bn. The EP Draft Report does not yet specify amounts for these windows.

Horizon Europe Pathway Actions

We **welcome and support the idea** of the Horizon Europe Pathway Actions. It is important that market-oriented thinking and design is based on RD&I, rather than the other way around. Furthermore, the proposed instrument can serve as a valuable tool for accelerating the transition to application. Another positive aspect is that it fundamentally addresses all pillars of Horizon Europe.

Bottom-up Instruments

The **proposed bottom-up instruments** (fast track to excellence/ fast track to innovation) for the support of small-scale, blue-sky and applied collaborative research activities through continuously open calls, with relatively modest budgets and short project durations (up to **€**2 million and 2 years) look promising. They are particularly relevant for fast-moving innovation journeys in dynamic sectors, as they provide the flexibility to capture emerging technological developments early and respond quickly to changing markets. Such instruments can also lower entry barriers for SMEs and smaller RD&I actors and facilitate their participation in European collaborative RD&I. Any potential bottom-up instruments in future Horizon Europe must ensure that companies can participate.

EU RD&I-Partnerships

It is positive that Horizon Europe 2028–2034 continues to place a strong emphasis on European Research and Innovation Partnerships and that the EP acknowledges them as highly relevant **vehicles at the interface of Horizon Europe and ECF.** These partnerships play a central role in implementing strategic long-term R&D agendas and provide a powerful lever for the development and deployment of new technologies across the innovation ecosystem, addressing global challenges, and strengthening Europe's industrial competitiveness.

- It must be ensured that **RD&I remain a basic building block of all partnerships**. In this context, it is necessary to clarify how the suggested type of connection named “competitiveness-driven connection” by the EP is to be understood.
- **Collaboration** should also be relevant in **deployment** phases.
- Well-functioning co-programmed partnerships should not automatically be clustered or transformed into JUs.
- A potential **threshold** of €2 billion EU-contribution to future EU RD&I-partnerships to be matched by partners other than the EU could jeopardize important partnerships and projects.
- While we support a **simplification and consolidation of the partnership landscape** where it creates clear added value, such clustering should reduce fragmentation without undermining existing expertise, flexibility, or responsiveness to emerging research needs. However, it remains unclear how industry verticals, which often mirror the organisational boundaries between Commission DGs, can effectively explore, build consortia around and realise the potential of critical integrative technological solutions if programming and funding remain siloed (e.g. digitalisation and automotive).

- **Financial and/or in-kind** contributions directly linked to EU-funded projects must continue to be recognised as valid forms of participation in European RD&I-partnerships.

Simplification

- **Administrative requirements should be reduced and streamlined across EU and national funding levels**. Complex and duplicative procedures can create disproportionate barriers to participation. This is particularly also important for SMEs and smaller RD&I actors.

State Aid and National Co-funding

Horizon Europe and the ECF increasingly combine Union and national funds. In practice, the European selection is often followed by a second national procedure with its own call, evaluation, cost rules, contract and audit. This creates additional State aid complexity and delays. With the FP10 negotiations and the adoption of the new General Block Exemption Regulation (GBER), envisaged for the end of 2026, running in parallel, there is a rare window to apply one principle: **one selection, one set of rules, one funding decision**.

- **EU and national contributions to the same jointly supported action should receive consistent treatment under State aid rules**. Where the Union contribution falls outside the scope of State aid rules, corresponding Member State contributions should equally not constitute State aid.
- **The EU selection should be binding for the national share.** Where a Member State has given a conditional co-funding commitment at the latest upon submission of the proposal, the Union evaluation, ranking and selection should be the sole substantive basis for the national contribution, without a second national call, evaluation or selection. **Member States remain free to decide on participation and budget.**
- **One set of rules and one audit trail should apply to the entire public share.** The eligible activities and costs, reporting and audits under the Programme should also apply to the national contribution. National checks should be limited to State aid compliance, budget implementation and the prevention of double funding.