

## **Horizon Europe – The European Research and Innovation Framework Programme 2021-2027**

5<sup>th</sup> September 2018

## About UNIFE

Based in Brussels since 1992, UNIFE is the association representing the European rail supply industry at the European Union (EU) and international level. UNIFE gathers over 100 direct company Members – from numerous SMEs to major industrial champions from all over Europe – active in the engineering, design and manufacture of rolling stock (i.e. trains, metros, trams, freight wagons) as well as rail signalling and infrastructure equipment. UNIFE also brings together national rail industry associations from 14 European States.

## Introduction

This is a decisive year during which major legislative initiatives determining the future budgetary capacity of the EU will be defined. One of these proposals consists of the successor of Horizon 2020 Framework Programme – Horizon Europe – which will have significant impacts on the future of research and innovation (“R&I”) in European Union and on the competitiveness of our industry, the rail manufacturing industry.

The rail supply industry is a strategic and leading economic sector employing approximately 400 000 people all over Europe. The world leadership of our industry is largely due to our research & innovation efforts and capacities. However, fierce competition and the race to innovation launched by third Countries – especially China – is a cause of very serious concern for several European industrial players. Staying at the forefront of research & innovation will thus be a key factor for Europe to maintain its industrial lead against the challenge of foreign competition.

With the present Paper – and in view of the strategic planning process led by the European Commission – UNIFE and its Members wish to present their position on the proposed Horizon Europe Regulation (hereinafter: “The Regulation”) in a comprehensive way, highlighting to the European Union’s Institutions and all interested stakeholders what are the main goals, risks and expectations of the European rail supply industry.

UNIFE has selected some of the aspects of the draft Regulation – e.g. the budget and the structure of the Framework Programme – which are deemed to be particularly significant for our industry as well as for the future of research and innovation in the EU. Starting from the selected legal provisions – the Articles in the draft Regulation and its Annexes – UNIFE has given its comments and provided some recommendations for improvements, in view of the future negotiations.

## Overall Budget

### Article 9(1)

The financial envelope for the implementation of the Framework Programme for the period 2021 – 2027 shall be EUR 94 100 000 000 in current prices for the specific programme referred to in Article 1(3)(a) and, in addition, the amount for the specific programme referred to in Article 1(3)(b), as laid down in Regulation [...] establishing the European Defence Fund.

### UNIFE Comment

UNIFE welcomes the proposed budget for Horizon Europe 2021-2027 and fully acknowledges the demonstration of commitment on research and innovation by the European Commission. In fact, looking at the different financial envelopes which make part of the Multi-Annual Financial Framework 2021-2027,

research and innovation stands as one of the very few “chapters” which has seen an increase in the pre-allocated resources if compared with the previous Framework Programme Horizon 2020 – roughly, Horizon Europe sees a budget increase of 22%.

UNIFE also expresses its satisfaction with the implicit acknowledgment that “*research and innovation*” is a matter of essential importance for a successful, modern economy, and it is at the heart of the European Commission's policies to boost jobs, growth, decarbonisation and social inclusion.

Granted, we encourage all European Institutions – Commission, Parliament and Council – to be even more ambitious and increase the proposed budget for Horizon Europe up to €120 billion, as also recommended by the European Parliament. Indeed, UNIFE considers this budget the minimum threshold in order to ensure, on the one hand, the continuation of the achievements of Horizon 2020, on the other hand, to accommodate new initiatives and measures such as the Missions or the constitution of additional “Institutionalised European Partnerships”. A budget increase up to €120 billion would contribute filling the gap to reach the EU’s own 3% of GDP research and development investment target.

#### UNIFE Recommendation

- UNIFE calls on the European Parliament and the Council to further increase the research and innovation envelope in the MFF 2021-2027 up to €120 billion.

### Distribution of the budget

#### **Article 9(2)**

- (1) The indicative distribution of the amount referred to in paragraph 1, first half sentence, shall be:
- a) EUR 25 800 000 000 for Pillar I 'Open Science' for the period 2021-2027, of which
    - i. EUR 16 600 000 000 for the European Research Council;
    - ii. EUR 6 800 000 000 for Marie Skłodowska-Curie Actions;
    - iii. EUR 2 400 000 000 for research infrastructures;
  - b) EUR 52 700 000 000 for Pillar II 'Global Challenges and Industrial Competitiveness' for the period 2021-2027, of which
    - i. EUR 7 700 000 000 for cluster 'Health';
    - ii. EUR 2 800 000 000 for cluster 'Inclusive and Secure Society';
    - iii. EUR 15 000 000 000 for cluster 'Digital and Industry';
    - iv. EUR 15 000 000 000 for cluster 'Climate, Energy and Mobility';
    - v. EUR 10 000 000 000 for cluster 'Food and Natural Resources';
    - vi. EUR 2 200 000 000 for the non-nuclear direct actions of the Joint Research Centre (JRC);
  - c) EUR 13 500 000 000 for Pillar III 'Open Innovation' for the period 2021-2027, of which
    - i. EUR 10 500 000 000 for the European Innovation Council, including up to EUR 500 000 000 for European Innovation Ecosystems;
    - ii. EUR 3 000 000 000 for the European Institute of Innovation and Technology (EIT);
  - d) EUR 2 100 000 000 for Part 'Strengthening the European Research Area' for the period 2021-2027, of which
    - i. EUR 1 700 000 000 for 'sharing excellence';
    - ii. EUR 400 000 000 for 'reforming and enhancing the European R&I System'.

#### UNIFE Comment

UNIFE considers the draft budget distribution scheme as a good first step, balanced and realistic at the same time. Notably, we consider positive that Pillar II “Global Challenges and Industrial Competitiveness” is given central relevance through the largest allocation of the available funding. As a matter of fact, Pillar II is not just

the section through which the majority of the Horizon Europe activities will take place, yet it is also the framework in which the industry – including all its SMEs – is expected to find the majority of opportunities to contribute to and benefit from the Framework Programme.

Arguably, the role that the industry can play in research and innovation must be considered essential to relaunch Europe’s competitiveness and economic cohesion, as well as to safeguard the sustainability of the European social welfare model for the generations to come.

For the aforementioned reason, UNIFE advocates for a further strengthening of Pillar II, so enabling the cross-border, multi-disciplinary collaborative research triggered by the industry to unleash its full potential.

#### UNIFE Recommendation

- The budget of Pillar II “Global Challenges and Industrial Competitiveness” shall be increased up to at least 60% of the overall Horizon Europe financial envelope. This will reinforce Europe’s capacity to perform collaborative research and innovation projects with a variety of RD&I actors.

### Structure of the Programme

In the Horizon Europe proposal, the European Commission has ensured the continuity of the “Three Pillars” structure, one of the most appreciated features of the Horizon 2020 Framework Programme. However, some important changes have been introduced making Horizon Europe – as the different activities are implemented – quite different from its predecessor.

Whereas the Pillar I “Open Science” remains substantially unchanged, a major modification concerns the merge of Horizon 2020 “Industrial Leadership” and “Societal Challenges” into a new Pillar II “Global Challenges and Industrial Competitiveness”. Within Pillar II, the seven-former sector-based “societal challenges” are translated into five cross-disciplinary, cross-cutting and inter-sectorial “Clusters” combining different sectors.

Pillar III “Open Innovation” constitutes a brand-new brick in the Horizon Europe architecture. The new element, notably, consists in the establishment of the “European Innovation Council” (EIC). The EIC will be aiming at untapping the potential of future and emerging breakthrough technologies developed by start-ups as well as bridging the financing gap between late stages of innovation activities and market uptake.

#### **Article 4(1)**

The Programme is structured in the following parts contributing to the general and specific objectives set out in in Article 3:

- 1) Pillar I 'Open Science', [...] with the following components:
  - a) the European Research Council (ERC);
  - b) Marie Skłodowska-Curie Actions (MSCA);
  - c) Research infrastructures.
- 2) Pillar II 'Global Challenges and Industrial Competitiveness', [...] with the following components:
  - a) cluster 'Health';
  - b) cluster 'Inclusive and Secure Society';
  - c) cluster 'Digital and Industry';
  - d) cluster 'Climate, Energy and Mobility';
  - e) cluster 'Food and Natural Resources';
  - f) non-nuclear direct actions of the Joint Research Centre (JRC).
- 3) Pillar III 'Open Innovation', [...] with the following components:
  - a) the European Innovation Council (EIC);
  - b) European innovation ecosystems;

- c) the European Institute of Innovation and Technology (EIT).
- 4) Part 'Strengthening the European Research Area', [...] with the following components:
  - a) Sharing excellence;
  - b) reforming and enhancing the European R&I System.

**Pillar II “Global Challenges and Industrial Competitiveness”**

**Annex I (2)**

Through the following activities, this pillar will, in line with Article 4, strengthen the impact of research and innovation in developing, supporting and implementing Union policies, and support the uptake of innovative solutions in industry and society to address global challenges. It will also contribute to the other Programme's specific objectives as described in Article 3.

To maximise impact flexibility and synergies, research and innovation activities will be organised in five clusters, which individually and together will incentivise interdisciplinary, cross-sectoral, cross-policy, cross-border and international cooperation. Each cluster contributes towards several SDGs; and many SDGs are supported by more than one cluster. The R&I activities will be implemented in and across the following clusters:

- a) Cluster 'Health': Improving and protecting the health of citizens at all ages, by developing innovative solutions to prevent, diagnose, monitor, treat and cure diseases; mitigating health risks, protecting populations and promoting good health; making public health systems more cost-effective, equitable and sustainable; and supporting and enabling patients' participation and self-management. [...]
- b) Cluster 'Inclusive and secure society': Strengthening European democratic values, including rule of law and fundamental rights, safeguarding our cultural heritage, and promoting socio-economic transformations that contribute to inclusion and growth, while responding to the challenges arising from persistent security threats, including cybercrime, as well as natural and man-made disasters. [...]
- c) Cluster 'Digital and Industry': Reinforcing capacities and securing Europe's sovereignty in key enabling technologies for digitisation and production, and in space technology, to build a competitive, digital, low-carbon and circular industry; ensure a sustainable supply of raw materials; and provide the basis for advances and innovation in all global societal challenges. [...]
- d) Cluster 'Climate, Energy and Mobility': Fighting climate change by better understanding its causes, evolution, risks, impacts and opportunities, and by making the energy and transport sectors more climate and environment-friendly, more efficient and competitive, smarter, safer and more resilient. [...]
- e) Cluster 'Food and natural resources': Protecting, restoring, sustainably managing and using natural and biological resources from land and sea to address food and nutrition security and the transition to a low carbon, resource efficient circular economy. [...]

[...]

**UNIFE Comment**

UNIFE acknowledges that “research and innovation” is a horizontal matter, whose scope embraces and bridges the most diverse disciplines. In this regard, the link between mobility (i.e. transport) with energy and climate-related issues is easy to understand. Mobility may also go beyond the pre-assigned cluster to feed from others – such as “Digital and Industry” or “Health”.

However, UNIFE questions whether the model of cross-cutting R&I clusters would not eventually result in an actual decrease of budget for certain sectors. The risk is particularly felt with regard to Cluster 4 “Climate, Energy and Mobility”. Accordingly, in Horizon 2020, climate, energy and mobility – the three sectors at stake – had respectively received €3 billion under the societal challenge “Climate action, environment, resource efficiency & raw materials”, €5,9 under “Secure, clean & efficient energy” and €6,4 billion under “Smart, green & integrated transport”. Granted, according to a breakdown comparison of Horizon 2020-societal challenges

and Horizon Europe-clusters, the outcome foresees an overall reduction of resources for climate, energy and transport up to -2%. UNIFE considers this outturn particularly alarming, due to the significance that transport, together with energy and climate, has for the economy and society.

In addition, data show that in 2016 transport emissions had risen by 25% since 1990 while other sectors had seen their emissions decrease<sup>1</sup>. Three quarters of transport greenhouse emissions come from road transport, which represents around one-fifth of the EU's total CO2 emissions. If the EU is to meet the objective of keeping a global temperature rise in this century well below 2 degrees Celsius and driving efforts to limit the temperature increase even further to 1.5 degrees Celsius above pre-industrial levels, as agreed during the COP21, stronger action is needed urgently.

Following this further, there is still a certain degree of uncertainty on how the sectors included in the clusters will coordinate and/or compete for the resources therein assigned. However, we advocate for each sector to be able to compete on an equal and fair basis for funding and projects, fully exploiting the potential of cross-cutting synergies with other sectors.

Finally, UNIFE looks with particular concern at the prospective vanishing of a dedicated SME Instrument in Pillar II – the topic will be treated more in detail later on, discussing Pillar III.

#### UNIFE Recommendations

- UNIFE firmly calls on the European Parliament and the Council to prevent a reduction of budget for transport by strengthening Cluster 4 “Climate, Energy and Mobility” or identifying clearly transport in other Clusters.
- The cross-disciplinary model of Pillar II should be sufficiently flexible not to forbid all sector-specific research whenever this is needed.
- Mechanisms should be put in place to allow each sector to fully benefit from the interactions with other disciplines, within and beyond the pre-assigned clusters.

#### ***Pillar III “Open Innovation”***

<p><b>Annex I (3) – Proposal for a Regulation establishing Horizon Europe</b></p> <p>Through the following activities, this pillar will, in line with Article 4, foster all forms of innovation, including breakthrough innovation, and strengthen market deployment of innovative solutions. It will also contribute to the Programme's other specific objectives as described in Article 3.</p> <p>a) European Innovation Council: promoting breakthrough innovation with scale-up potential at global level.</p> <ul style="list-style-type: none"> <li>- Areas of intervention: Pathfinder, supporting future and emerging breakthrough technologies; Accelerator, bridging the financing gap between late stages of innovation</li> </ul>	<p><b>Proposal for a Decision establishing Horizon Europe</b></p> <p><i>Open Innovations – 1. European Innovation Council – 1(1) Areas of intervention</i></p> <p>[...]</p> <p>The EIC will be implemented primarily through two complementary types of action, namely the Pathfinder for advanced research, for the early stages of technology development, and the Accelerator for innovation and market deployment actions, including the pre-mass commercialisation stages and company growth. With the idea to offer a single one-stop shop and a single process of support, the Accelerator will also award blended finance, combining grants with equity investments. It will in addition also channel access to loans provided under the InvestEU programme.</p> <p><i>1(1.1) The Pathfinder for Advanced Research</i></p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<sup>1</sup> Source: European Environment Agency, ‘Monitoring progress of Europe’s transport sector towards its environment, health and climate objectives’ Briefing, 2017

<p>activities and market take-up, to effectively deploy breakthrough market-creating innovation and scale up companies where the market does not provide viable financing, and; additional activities such as prizes and fellowships, and business added-value services.</p> <p>b) European innovation ecosystems. [...]</p> <p>c) The European Institute of Innovation and Technology [...]</p>	<p>[...]</p> <p>The Pathfinder's will provide grants to high-risk cutting-edge projects exploring new territories aiming to develop into potentially radical innovative technologies of the future and new market opportunities. It will build on the experience from the Future and Emerging Technology (FET) schemes supported under FP7 and Horizon 2020, including the Horizon 2020 FET-Innovation Launchpad, as well as the Horizon 2020 SME Instrument Phase 1.</p> <p><i>1(1.2) The Accelerator</i></p> <p>The Accelerator will mainly operate through a continuously open and bottom-up call, targeting individual entrepreneurs (mainly start-ups and SMEs), with a particular attention paid to young and to women innovators. This open and bottom-up call will be complemented by targeted support for on emerging breakthrough or disruptive technologies of potential strategic significance. Proposals may also be submitted by investors, including public innovation agencies, but the support will be awarded to the company.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

#### UNIFE Comment

On the EIC, UNIFE agrees with the rationale followed by the European Commission that innovation and the creation of new markets must be further supported in Horizon Europe. Nevertheless, we remark that all the focus and the scope of action of the EIC has been put on “breakthrough/disruptive” innovation and technologies. Arguably, innovation in Europe is often characterised for being “incremental, research-driven” innovation, rather than “breakthrough”. Therefore, we consider that the scope of the EIC should explicitly embrace all categories of innovation – breakthrough innovation as much as incremental innovation – better reflecting the reality European innovation model.

Moving forward, a reference related to SMEs is made with regard to the functioning and roll-out of the EIC. According to the Decision proposal (right side of the table above), Horizon 2020’s SME Instrument would feed the Pathfinder and Accelerator tools within the EIC. However, the proposal as it stands would not lead to the creation of an SMEs-focused instrument within Pillar III, not to any ring-fenced budget target for the SMEs – as it was the case for Horizon 2020. Therefore, the concern for a substantial decrease of SMEs-related dimension within Horizon Europe remains.

#### UNIFE Recommendation

- Support through the European Innovation Council should target all types of innovations.
- UNIFE calls on the European Parliament and the Council to strengthen the effectiveness of the support for SMEs by reintroducing a funding scheme dedicated to them, built on the model of the Horizon 2020’s SME Instrument.
- Any SMEs Instrument shall be complementary and not diluted to the European Innovation Council.
- The use of a fully bottom-up approach in designing the new EIC should be evaluated, considering the risk to favour specific technological areas and/or applications rather than others.

## Synergies with other EU Programmes

The European Commission aims at maximising the innovation potential across the EU through the optimisation of synergies between the different funding programmes. In this regard, Art. 11 of the Regulation refers to the concept of “seal of excellence”, a concept developed in 2015 – a “high-quality stamp” – for projects submitted to Horizon2020 that were considered worthy of funding but did not get it.

In addition, the European Commission considers that the strengthening of synergies models would compensate for the proposed 7% cut to the Cohesion Policy for the period 2021-2027.

### Article 11

Actions awarded a Seal of Excellence certification, or which comply with the following cumulative, comparative, conditions:

- a) they have been assessed in a call for proposals under the Programme;
- b) they comply with the minimum quality requirements of that call for proposals;
- c) they may not be financed under that call for proposals due to budgetary constraints,

may receive support from the European Regional Development Fund, the Cohesion Fund, the European Social Fund+ or the European Agricultural Fund for Rural Development, in accordance with paragraph 5 of Article [67] of Regulation (EU) XX [Common Provisions Regulation] and Article [8] of Regulation (EU) XX [Financing, management and monitoring of the Common Agricultural Policy], provided that such actions are consistent with the objectives of the programme concerned. The rules of the Fund providing support shall apply.

### UNIFE Comment

UNIFE welcomes the commitment, by the European Commission to foster the mutual interaction between different funding programmes. This approach is not to be found only in the Horizon Europe proposal, but it is rather consistent with provisions included in other funding instruments – e.g. in its legislative proposal for the Structural Funds and Cohesion Funds, the European Commission is pushing forth a provision enabling Member States to transfer up to 5% of their Cohesion resources to other programmes such as Horizon Europe.

### UNIFE Recommendation

- UNIFE encourages the EU Institutions to support and strengthen the synergy of funds between programmes as key advancement for joint programming and better use of the funds.

## Partnership Instruments

Among the most widely anticipated measures to be taken in Horizon Europe, there is the “rationalisation” of partnership instruments. As a matter of fact, the European Commission aims at rationalising the nearly 100 industry and Member State co-financed competitions in Horizon 2020, while at the same time sweeping away some of the programme’s complicated rules and acronyms.

In its proposal for the Regulation, the European Commission sets forth that three types of partnership instruments will be used to implement the programmes of Horizon Europe: “co-programmed”; “co-funded” and “institutionalised”.

All these three partnership models are expected to be established in cases these initiatives are more likely to achieve the objectives of Horizon Europe than the Union alone.

#### Article 8

1. Parts of Horizon Europe may be implemented through European Partnerships. The involvement of the Union in European Partnerships may take any of the following forms:
  - a) participation in partnerships set up on the basis of memoranda of understanding and/or contractual arrangements between the Commission and the partners referred to in Article 2(3), specifying the objectives of the partnership, related commitments for financial and/or in-kind contributions of the partners, key performance and impact indicators, and outputs to be delivered. They include the identification of complementary research and innovation activities that are implemented by the partners and by the Programme (Co-programmed European Partnerships);
  - b) participation in and financial contribution to a programme of research and innovation activities, based on the commitment of the partners for financial and in-kind contributions and integration of their relevant activities using a Programme co-fund action (Co-funded European Partnerships);
  - c) (c) participation in and financial contribution to research and innovation programmes undertaken by several Member States in accordance with Article 185 TFEU, or by bodies established pursuant to Article 187 TFEU, such as Joint Undertakings, or by the EIT Knowledge and Innovation Communities in compliance with the [EIT Regulation] (Institutionalised European Partnerships), to be implemented only where other forms of European Partnerships would not achieve the objectives or would not generate the necessary expected impacts, and if justified by a long-term perspective and high degree of integration including central management of all financial contributions.
2. European Partnerships shall:
  - a) Be established in cases where they will more effectively achieve objectives of Horizon Europe than the Union alone;
  - b) Adhere to the principles of Union added value, transparency, openness, impact, leverage effect, long-term financial commitment of all the involved parties, flexibility, coherence and complementarity with Union, local, regional national and international initiatives;
  - c) Be time limited and include conditions for phasing-out the Programme funding.

#### UNIFE Comment

UNIFE welcomes the acknowledgement, by the European Commission, of the fundamental role partnership instruments have in effectively implementing the Framework Programme. Furthermore, UNIFE strongly supports the inclusion – among the three typologies of instruments foreseen – of the “Institutionalised European Partnerships” in accordance with Articles 185 and 187 of the Treaty on the Functioning of the European Union (TFEU), such as the Joint Undertakings (JU).

The experience of Horizon 2020 has shown that the strongest aspect of the JU-model is its focus on excellence and collaboration across a variety of R&I players ranging from industry (large companies, SMEs, start-ups), academia (universities & science academies) to public actors (regions & local actors), throughout Member States.

UNIFE believes that, working in Joint Undertakings – where the industry contributes to up to 50% of the overall budget – is an efficient way to tackle challenges affecting both industry and society. We truly believe that Europe’s crucial strengths lie in its innovation ecosystems where SMEs, mid-caps and large companies, start-ups, academics and Research Technology Organisations (RTOs) work together. Needless to say, this opportunity to embrace the widest spectrum of the innovation ecosystem across different Member States represents an indisputable European added-value.

For the aforementioned reasons, and in full compliance with the principles mentioned in Article 8(2b), UNIFE advocates for the continuation of the existing Joint Undertakings in the Horizon Europe Framework Programme as of 2021.

#### UNIFE Recommendations

- The results of Horizon 2020 should be the base for Horizon Europe. The existing partnership instruments pursuant to Article 187 RFEU (Joint Undertakings) shall be considered for the strategic planning and explicitly mentioned in Annex III to the Regulation for extension.
- UNIFE strongly calls for the extension of the Shift2Rail Joint Undertaking within the forthcoming Horizon Europe Framework Programme, in order to safeguard EU industrial leadership as well as to redefine the ambition of rail in the future transportation landscape and make it the backbone of tomorrow's mobility

### Selection, evaluation, phasing-out and renewal of partnerships

#### **Annex III**

European Partnerships will be selected, implemented, monitored, evaluated and phased-out on the basis of the following criteria:

##### 1) Selection:

- a) Evidence that the European Partnership is more effective in achieving the related objectives of the Programme, in particular in delivering clear impacts for the EU and its citizens, notably in view of delivering on global challenges and research and innovation objectives, securing EU competitiveness and contributing to the strengthening of the European Research and Innovation Area and international commitments; In the case of institutionalised European Partnerships established in accordance with Article 185 TFEU, the participation of at least 50% of the EU Member States is mandatory;
- b) Coherence and synergies of the European Partnership within the EU research and innovation landscape;
- c) Transparency and openness of the European Partnership as regards the identification of priorities and objectives, and the involvement of partners and stakeholders from different sectors, including international ones when relevant;
- d) Ex-ante demonstration of additionality and directionality of the European Partnership, including a common vision of the purpose of the European Partnership. This vision will include in particular: – identification of measurable expected outcomes, deliverables and impacts within specific timeframes, including key economic value for Europe; – demonstration of expected qualitative and quantitative leverage effects; – approaches to ensure flexibility of implementation and to adjust to changing policy or market needs, or scientific advances; – exit-strategy and phasing-out measures.
- e) Ex-ante demonstration of the partners' long-term commitment, including a minimum share of public and/or private investments; In the case of institutionalised European Partnerships, the financial and/or in-kind, contributions from partners other than the Union, will at least be equal to 50% and may reach up to 75% of the aggregated European Partnership budgetary commitments. For each institutionalised European Partnership, a share of the contributions from partners other than the Union will be in the form of financial contributions.

[...]

##### 4) Evaluation, phasing-out and renewal:

- a) Evaluation of impacts achieved at Union and national level in relation to defined targets and key performance indicators, feeding into the Programme evaluation set out in Article 47, including an assessment of the most effective policy intervention mode for any future action; and the positioning of

- any possible renewal of a European Partnership in the overall European Partnerships landscape and its policy priorities;
- b) Appropriate measures ensuring phasing-out according to the agreed conditions and timeline, without prejudice to possible continued transnational funding by national or other Union programmes.

### UNIFE Comment

UNIFE fully agrees with the principle that sound criteria for the setting-up of partnership instruments – throughout the multiple phases of selection, implementation, monitoring and evaluation – are necessary. However, we stress on the importance of giving those criteria the necessary flexibility to adapt efficiently to the different partnerships which present intrinsic diversities, in terms of structure, governance, functioning and innovation life-cycle. Therefore, a “one-size-fits-all” approach may not serve its purpose of sensible rationalisation.

In addition, on the evaluation and phasing-out procedures, we notice that the interim evaluation of the partnership instruments – to be carried out no later than four years according to the Article 47 of the Regulation – may not have solid basis upon which to build its assessment within such a short time.

### UNIFE Recommendations

- The criteria of the partnerships “life-cycle” must be kept flexible and no one-size-fits-all should be imposed.
- The evaluation deadline for the partnership instruments should be consistent with the different delivery timelines of the different partnerships.
- The phasing-out processes of each existing partnership shall be thoroughly discussed with all interested stakeholders involved in that work programme.

## In-Kind vs Financial Contribution to partnerships

### **Annex III**

European Partnerships will be selected, implemented, monitored, evaluated and phased-out on the basis of the following criteria:

1) Selection:

[...]

- e) Ex-ante demonstration of the partners’ long-term commitment, including a minimum share of public and/or private investments; In the case of institutionalised European Partnerships, the financial and/or in-kind, contributions from partners other than the Union, will at least be equal to 50% and may reach up to 75% of the aggregated European Partnership budgetary commitments. For each institutionalised European Partnership, a share of the contributions from partners other than the Union will be in the form of financial contributions.

2) Implementation:

[...]

- d) Legally binding commitments, in particular for financial contributions, from each partner throughout the lifetime of the initiative;

### UNIFE Comment

In the case of private partners of Institutionalised Partnerships based on Art. 187 TFEU, the terms “financial” (or “cash”) and “in-kind” contribution should not be misunderstood. The core of the distinction relates to the actual performer of the activities: in-kind contribution refers to a partner’s own R&I activities while financial contribution refers to payment to a third party that will perform the R&I activities instead of the partner. In-kind contributions therefore fully reflect and support the collaborative nature of a public-private partnership where the industry commits its own resources and performs collaborative R&I activities. Companies are already investing in the present Joint Undertakings through their own personnel and resources, for the most part at their own expenses. This contribution is certified, according to EU financial regulation, and can be audited.

The “financial contribution” requirement will also prove difficult to work in practice, as it will be a major effort for JU partners to collect in a common “pot” the necessary cash resources from the participants and redistribute it. It will also complexify the management and ownership of Intellectual Property Rights.

The modalities of private partners’ contributions should be discussed with all stakeholders, including the industry, during the strategic planning process. This in-depth dialogue is absolutely necessary. Experience shows wordings inserted into JU regulations without preliminary in-depth analysis and dialogue with the industry bring unworkable mechanisms leading usually to time-consuming discussions after the actual adoption of the JU regulation, and the necessity of amending the regulation.

### UNIFE Recommendation

- The contribution of partners to Institutionalised European Partnerships pursuant to Article 187 TFEU shall be the object of a thorough discussion with all interested stakeholders, notably the industry’s representatives, during the strategic planning process.

## Missions

One of the most important novelties of Horizon Europe concerns what the Commissions has defined as “Moon-shot Missions”. The concept stems from the Vision Report “*Mission-Oriented Research & Innovation in the European Union*” published in February 2018 by Prof. Mariana Mazzucato.

Accordingly, Missions would be an assignment given to a portfolio of actions to achieve an “ambitious but realistic goal” within a set timeframe, bringing concrete benefits and impact to the Union, society and citizens. The cross-sectorial, challenge-based approach and the flexibility would be some of the features of the Missions which, however, are not yet specified in the draft programme.

With regard to the governance, a “Board” composed by 15 high-level people, appointed by the European Commission through open calls, will be appointed for each Mission.

#### **Article 7**

1. Missions shall be programmed within the pillar 'Global Challenges and Industrial Competitiveness but may also benefit from actions carried out within other parts of the Programme
2. The missions shall be implemented in accordance with Article 5 of the Specific Programme. Evaluation shall be carried out in accordance with Article 26.
3. Missions shall:
  - a) have a clear EU-added value and contribute to reaching Union priorities;
  - b) be bold and inspirational, and hence have wide societal or economic relevance;
  - c) indicate a clear direction and be targeted, measurable and time-bound;

- d) be centred on ambitious but realistic research and innovation activities;
- e) spark activity across disciplines, sectors and actors;
- f) be open to multiple, bottom-up solutions.

#### UNIFE Comment

Missions aim at pushing Europe to act bold and visionary, inspiring its citizens and aiming for far-reaching, ambitious goals. However, first and foremost, UNIFE remarks that the setting-up of the Missions does not seem to go in the sense of the announced simplification of the Framework Programme. Quite the contrary indeed, Missions appear to add a new layer of governance in the structure of Horizon Europe.

Following this further, UNIFE remarks the haziness of the criteria to be used in order to establish such Missions and the uncertainty surrounding their governance as well as the process of evaluation of their performance.

The relation between the Missions and the clusters of the 2<sup>nd</sup> Pillar is another open question in the current draft of the Regulation. The legislative text itself seems to link the Missions to the 2<sup>nd</sup> Pillar but leaves the door open for the Missions to touch other parts of the Framework Programme.

Furthermore, the present draft does not give any clear indication of how much the prospective budget for the Missions could be. Several statements have been released on the matter, mentioning different possible figures, but nothing concrete has been determined. UNIFE questions whether the proposed overall Horizon Europe budget is sufficient to include the ambitious and far-reaching concept of the Missions. The risk is having Missions being established to the detriment of the pre-allocated budget of several clusters, which will thus translate into less budget for certain sectors. Therefore, UNIFE would support the introduction of a carefully pre-defined budget cap for the Missions.

#### UNIFE Recommendations

- Missions shall be introduced gradually in the implementation phase of Horizon Europe, after thorough discussions with the industry and all possible interested parties.
- UNIFE calls on the European Parliament and the Council to promote in the legal texts a further consolidation of the criteria for selecting the Missions and shall ensure that the identification and definition of Missions take place through an inclusive and transparent process.
- Missions Boards shall also include representatives of the industry among their composition.
- A budget cap for the Missions shall be introduced, giving certainty on the way the tight resources in the 2<sup>nd</sup> Pillar will be concretely used.
- Missions should have a broader scope enabling many sectors to achieve the missions' objectives through sectorial and cross-sectorial actions. A mission should not give preferential treatment to few specific sectors.

**For further questions, please contact:**

Tommaso Spanevello  
Public Affairs Manager

+32 2 642 23 29

[Tommaso.Spanevello@unife.org](mailto:Tommaso.Spanevello@unife.org)

### Summary of the Recommendations

Topic	Recommendations
<i>Budget</i>	➤ Increase of Horizon Europe budget up to €120 billion.
<i>Distribution of the Budget</i>	➤ Increase of the budget of Pillar II up to 60% of the overall Horizon Europe financial envelope.
<i>Pillar II "Global Challenges &amp; Industrial Competitiveness"</i>	<ul style="list-style-type: none"> <li>➤ Cluster 4 "Climate, Energy and Mobility" shall be strengthened financially to prevent any reduction of the budget for Transport, when compared to Horizon 2020.</li> <li>➤ Clear identification of transport in other Clusters.</li> <li>➤ The cross-disciplinary model of Pillar II should be sufficiently flexible not to forbid all sector-specific research whenever this is needed.</li> <li>➤ Mechanisms should be put in place to allow each sector to fully benefit from the interactions with other disciplines, within and beyond the pre-assigned clusters</li> </ul>
<i>Pillar III "Open Innovations"</i>	<ul style="list-style-type: none"> <li>➤ All types of innovations, besides "breakthrough", should be eligible to receive support from the European Innovation Council.</li> <li>➤ A funding scheme specifically dedicated to SMEs shall be reintroduced, built on Horizon 2020 SME Instrument.</li> <li>➤ The use of a bottom-up approach in designing the EIC should be evaluated, considering the risk to favour specific technological areas.</li> </ul>
<i>Partnership Instruments (notably Institutionalised European Partnerships)</i>	<ul style="list-style-type: none"> <li>➤ The existing partnership instruments pursuant to Article 187 RFEU (Joint Undertakings) shall be considered for the strategic planning.</li> <li>➤ UNIFE strongly calls for the extension of the Shift2Rail Joint Undertaking within the forthcoming Horizon Europe Framework Programme.</li> <li>➤ The criteria of the partnerships "life-cycle" must be kept flexible and no one-size-fits-all should be imposed.</li> <li>➤ The phasing-out processes of each existing partnership shall be thoroughly discussed with all interested stakeholders involved in that work programme.</li> <li>➤ The contribution of partners to JUs shall be the object of a thorough discussion with all interested stakeholders, notably the industry's representatives, during the strategic planning process,</li> </ul>
<i>Synergies</i>	➤ The synergy of funds between programmes as key advancement for joint programming and better use of the funds.
<i>Missions</i>	<ul style="list-style-type: none"> <li>➤ Missions shall be introduced gradually after thorough discussions with the industry and all possible interested parties.</li> <li>➤ The identification and definition of Missions take place through an inclusive and transparent process.</li> <li>➤ Missions Boards shall also include representatives of the industry among their composition.</li> <li>➤ A budget cap for the Missions shall be introduced, giving certainty on the way the tight resources in the 2<sup>nd</sup> Pillar will be concretely used.</li> <li>➤ Missions should have a broader scope enabling many sectors to achieve the missions' objectives through sectorial and cross-sectorial actions.</li> <li>➤ A mission should not give preferential treatment to few specific sectors.</li> </ul>