Cleantech Research & Innovation must sit at the heart of the EU's Competitiveness Agenda

Wednesday May 21st, 2025

Dear Executive Vice-President Séjourné,
Dear Executive Vice-President Virkunnen,
Dear Commissioner Zaharieva,
Dear Commissioner Serafin,
Dear Mr Budka, Chair of the ITRE Committee, and Honourable Members,
Dear Permanent Representatives of the Member States to the European Union,

The EU's long-term competitiveness, as made explicit in the Competitiveness Compass, must be built on "innovation-led productivity", in order to make Europe the home of "tomorrow's technologies, services, and clean products… as we stay the course to climate neutrality." As the EU works to materialise this ambition, and seeks to draw the world's brightest minds to "Choose Europe", securing an ambitious Research and Innovation (R&I) funding framework is of paramount importance.

Cleantech is at the heart of this effort. **The EU has a comparative advantage in cleantech innovation.** From 2016 to 2021, Europe was responsible for 30% of the world's green inventions, compared with 19% and 13% by the US and China.

Since 1984, the EU's Framework Programme for R&I has strengthened Europe's industrial base by building on its research institutions, innovative SMEs, and the Single Market. Today, Horizon Europe continues that legacy—supporting both frontier science and applied innovation to help Europe tackle its greatest challenges, including climate change.

As outlined in the Heitor report, Horizon Europe is a world-leading R&I funding programme because it leverages the potential of EU-level innovation funding. This leads to an open competition, based on excellence; projects that can scale beyond the means of smaller Member States, and the adequate scope to create synergies with EU industrial policies. **This successful design must be preserved and not be diluted through integrating the Framework programme into a broader Competitiveness Fund.**

The debate on the future of the Framework program, and of its next iteration, FP10, is in full swing. However, debates over whether FP10 sits within the Competitiveness Fund risk distracting from the real issue: **Europe's long-term excellence in research and innovation depends on the availability of a powerful, stable, and predictable R&I framework and funding toolbox to support the innovators building Europe's future.**

We, the undersigned, as cleantech think tanks and associations representing European green innovation, propose the following principles to guide the design of future EU research and innovation funding:

Principles for R&I funding in the next MFF

1. **Increase the EU budget for research and innovation:** To build long-term competitiveness requires Europe to play to its strengths, particularly R&I funding. Doing so requires a larger R&I budget to address the chronic oversubscription seen

in past Framework Programmes, with 70% of high quality proposals going unfunded. The Heitor Report called for an FP10 budget of at least €220 billion for the next 7-year period, as a way to maximise its effectiveness. **This €220bn ought to be allocated to, and ringfenced for, R&I with a dedicated pot for cleantech research and innovation.**

2. **Bridge the gap between R&I and scale-up financing:** Promising cleantech R&I projects face a "valley of death" once they reach the first-of-a-kind (or demonstration) stage. The STEP programme and the Clean Industrial Deal Horizon Pilot aim to position close-to-market EU R&I projects for follow-on investment or funding by the EIC Fund and Innovation Fund respectively. **To increase the impact of this more joined-up funding landscape, Member States should be able to use cohesion funds, via "as a service" mechanisms offered by the Commission, to top up the EU Framework program for some scale-up projects**.

3. **Focus funding on strategic cleantech priorities**: The EU's R&I toolbox should **prioritise technologies with high-impact potential** central to Europe's decarbonisation and competitiveness goals. These include renewables (including innovative renewables), energy storage, high-capacity conductors and innovative grid technologies, and electrification solutions for hard-to-abate sectors like heavy industry and aviation. Support should also extend to low-carbon construction, including alternative cement, and carbon removal technologies, both essential to meeting 2040 climate targets. Funding should also extend to high-impact innovations in other emerging fields crucial for our long-term decarbonisation and resilience, such as alternative proteins.

4. **Strengthen and protect the European Innovation Council (EIC):** The EIC has been a European success in supporting the scale-up of cleantech innovation, with every euro invested in innovative companies through the EIC Fund attracting over three euros from private investors. To build on this success, the EIC should not have its funding integrated into a larger R&I envelope within the Competitiveness Fund. **The EIC should remain independent, with measures taken to increase its budget and to strengthen its coordination and complementarity with the EIB.**

5. **Expand and deepen public-private partnerships:** Public-private partnerships—both Institutionalised and Co-Programmed—are effective instruments for aligning research priorities with industrial needs, securing dedicated EU funding, and coordinating efforts across Member States. **The next program should reinforce the use of these partnerships to facilitate large-scale, cross-border energy and climate innovation projects, and consider extending the model to additional cleantech sectors not currently covered.**

6. **Prioritise collaborative research under Pillar II**: Collaborative research under Horizon Europe's Pillar 2 delivers unique European added value by enabling cross-border, cross-sector consortia to test solutions in diverse contexts, raise awareness among regulators, and accelerate deployment. **The next budget should preserve this focus, with at least 50% of the programme's budget dedicated to this collaborative work.**

7. **Use innovation procurement to build lead markets:** Procurement for breakthrough innovations is currently significantly underused in both Horizon Europe and national programmes. The Heitor report recommends the set-up of an **Innovation Procurement Program** in FP10. Article 27 **of the Net Zero Industry Act** (NZIA) calls on Member States to use public procurement to stimulate the manufacturing of and demand for innovative net-zero technologies. The revised Public Procurement Directives should embrace this approach. **Both the demand-side and the supply-side pathways should be prioritised to stimulate development of cleantech solutions, accelerate their market entry, and strengthen Europe's leadership in key green technologies.**

8. **Align regulation and tenders with innovation goals**: To accelerate the deployment of breakthrough cleantech solutions, Member States must complement EU-level R&I funding with supportive regulatory frameworks. **Regulatory sandboxes - called for under the NZIA - should be established** to allow controlled testing of new technologies, helping identify and overcome the obstacles to scaling up, including reducing excessive piloting of new technologies prior to their wide scale deployment, and shaping future policy. In parallel, **public tenders** under Article 26 of the NZIA should apply innovation-related non-price criteria that reflect progress made through EU and national R&I efforts, creating a clearer pathway from research to market adoption.

Cleantech R&I is not simply one piece of the puzzle – it is the foundation of Europe's future industrial strength, climate leadership, and global competitiveness. A well-resourced, strategically focused Framework for research and innovation must be at the core of the EU's next Multiannual Financial Framework.

Signatories: