

# Strengthening Europe's Research and Innovation Ecosystem

EURASHE's Vision for FP10  
and beyond

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In light of the evolving geopolitical and technological landscape, this paper outlines EURASHE's recommendations for the next EU Research and Innovation Framework Programme (FP10) to enhance Europe's innovation capacity and competitiveness. These insights are drawn from the perspective of Universities of Applied Sciences and similar Higher Education Institutions in Europe, which play a crucial role in Europe's research and innovation arena.

### Key messages

1. Increase the budget to €200 billion
2. Lower administrative barriers
3. Maintain the balance between basic and applied research
4. Keep the European Institute for Innovation and Technology
5. Enhance proof of concept
6. Design greater synergies with other EU funding programmes
7. Keep and improve Widening
8. Focus on the effectiveness of consortia and inclusion of UAS
9. Adhere to "as open as possible, as closed as necessary" and make all data FAIR
10. Provide adequate funding for the ERA Forum

## Introduction

More than two decades ago, the European Union (EU) aimed to "become the most competitive and dynamic knowledge-based economy in the world."<sup>[1]</sup> However, despite this ambitious goal, the EU lags behind geopolitical competitors in developing capabilities for research and innovation, including the United States, China, and emerging economies in the Global South. Today, Europe is at a crucial point where this lack of capacity is leading to a decline in global competitiveness and economic power. This decline has been compounded by the Covid-19 pandemic, the Russian invasion of Ukraine and tensions in the Middle East, as well as by climate change. These overlapping crises have intensified the challenges Europe faces, making the path forward even more unpredictable and difficult to navigate. These challenges can be tackled through the creation of new knowledge, but crucially, through its dissemination, absorption and adoption.

Enrico Letta's Report "Much more than a market" published in April 2024 recognises that the EU has "difficulty in converting its research potential into European industries competing in global markets."<sup>[2]</sup> The four freedoms – goods, capital, services, and labour – have made an essential step in creating today's peaceful and prosperous European Union. However, in the 21<sup>st</sup> century, as geopolitical pressure increases, incorporating a fifth freedom – that of research, innovation, data,

competences, knowledge and education – into European integration becomes essential to avoid falling behind in the global technological race. Additionally, Mario Draghi’s report on EU competitiveness, published in September 2024, highlights the challenges and obstacles to innovation in Europe.<sup>[3]</sup> European firms struggle to commercialise and scale up their innovations. New ideas and technologies are not commercialised or applied due to a lack of funding, resources, and market readiness, a notion that is often described as the “Innovation Valley of Death”. Tackling this gap is critical to increasing European competitiveness and put Europe in a position of leadership.

At the same time, the push for greater integration in the knowledge economy risks exacerbating already high levels of territorial and social inequality, which damages Europe’s overall competitiveness and creates discontent that may threaten the cohesiveness of the EU itself. Collectively, we must find a way to maximise the performance of the whole innovation chain, while allowing all regions to benefit from higher levels of Research and Innovation (R&I).

The discussions on FP10 are occurring within the broader geopolitical context of a global technological and economic race. Europe’s ability to fund impactful R&I and become the most competitive knowledge-based economy in the world will largely depend on FP10. The next Framework Programme is pivotal to improve Europe’s standing in the world, both politically and economically. Yet it must also be implemented in synergy with other Union policies (in particular for education, skills, industry and cohesion) that fund or impact research and innovation, to maximise knowledge diffusion, absorption and commercialisation.

## Universities of Applied Sciences

Universities of Applied Sciences (UAS) and similar Higher Education Institutions (HEIs)<sup>[4]</sup> can be a pivotal source of innovation capacity by providing research-based training and by transforming valuable knowledge into practical applications and marketable innovations. These HEIs are deeply rooted in their regions and have strong ties to local industry and civil society, creating vibrant innovation ecosystems. UAS drive innovation by responding to market needs, conducting applied research and providing training that is closely aligned with practical applications, ultimately contributing to a highly skilled labour force. They play an important role in regional development, including through the promotion of entrepreneurship, the use of knowledge, and research-based training. These institutions have been successfully developing public – private partnerships, effectively bridging academic discoveries with market demands and shaping educational programmes to meet the needs of innovative industries. The entrepreneurial mindset instilled in UAS graduates is key to driving the necessary commercialisation of knowledge in Europe, ultimately boosting European competitiveness.

Implementing the competitiveness agenda requires a collaborative effort, with different types of actors working together in innovation ecosystems. It is crucial that the EU provides strong, long-term, and centralized support for applied research and innovation, in addition to basic science. Both are needed to make Europe a leader in the global race for innovation. As we move towards a new era for R&I, EURASHE sets out the following ten recommendations for the next Framework Programme.

### **Recommendation 1: Increase the budget to €200 billion**

As a signatory to the ['Research Matters' campaign](#), EURASHE supports the widespread calls to double the next Framework Programme budget to €200 billion. Having a large FP10 budget is in the interest of all European countries, both politically and economically. From a political standpoint, it signifies to other global powers that the EU is politically united, furthering European integration and unity. Economically, an increased budget will enhance R&I capacity, generate employment opportunities, and attract investment. Increasing the budget could significantly benefit sectors vital to Europe's future, like digital and green technologies, as well as artificial intelligence (AI). These critical areas are essential for achieving the EU's climate objectives and ensuring technological sovereignty.

A larger budget would allow a greater number of organisations to profit from the EU's financial support to R&I. It would allow more UAS, often smaller than comprehensive and research-intensive universities, to participate in European projects and effectively contribute to knowledge creation and valorisation. The larger the diversity of actors, the more successful European innovation ecosystems and value chains will be. Given the current global economic and political context, strong European cooperation is essential. This is the best way to address the limited capacity for scaling up innovations. Only by acting as a united force can the European Union establish itself as a leader in innovation.

### **Recommendation 2: Lower administrative barriers**

Encouraging innovation requires reducing regulatory burdens and bureaucratic obstacles. To enable the swift application of knowledge to practical uses, it is vital to streamline the process of obtaining financial support for all stakeholders. Innovation often originates in smaller organisations such as UAS, and SMEs, but they often lack the human and financial resources to navigate lengthy application procedures and heavy administrative hurdles. Minimising administrative barriers is essential for unlocking the full potential of innovation from often unexpected sources. This will also facilitate more flexible and quicker development of innovations, which is crucial in a rapidly changing world. Public-private partnerships would create simplified processes that would enable both higher

education institutions and businesses to collaborate more easily and work effectively on industry-driven projects.

### Recommendation 3: Maintain the balance between basic and applied research

By increasing the size of Pillars 2 and 3, Horizon Europe has helped to address the Innovation Valley of Death. Basic research is crucial for extending the boundaries of understanding and often produces the necessary knowledge to develop new ideas and technologies. However, translating this newly formulated research into practical use is often a struggle as private funders are not willing to invest in uncertain technologies. Therefore, now more than ever, Europe needs to invest in applying and commercialising this high-opportunity knowledge and encourage public-private partnerships, as underlined by the Draghi report. This will lead to greater economic returns in the long run, ultimately increasing the budget for further basic and applied research.

EURASHE therefore calls to maintain the current balance between basic and applied research. This is crucial to be on equal footing with other geopolitical actors such as the United States or China that spend higher amounts proportionally on applied research. Coupled with an increase in the budget, we believe that maintaining the balance between basic and applied research in FP10 will bring about substantial scientific discoveries while allowing firms to capitalize on them. In particular, the European Innovation Council is crucial for funding breakthrough innovation but lacks significant funding, limiting its full potential to fund valuable and potentially impactful start-ups.<sup>[6]</sup> However, it should increase its focus on shortening the time-to-market and be more risk-taking, which are essential measures to pace up European innovations.

### Recommendation 4: Keep the European Institute for Innovation and Technology

There have been increasing calls for abolishing the European Institute for Innovation and Technology (EIT) or merging it with the European Innovation Council (EIC). EURASHE supports the work of the EIT as it significantly contributes to the integration of education, research & entrepreneurship. EIT educational activities promote innovation and entrepreneurship by providing targeted education and training to students and professionals. These programmes feature high-quality curricula focused on innovation, creativity, and entrepreneurship, aligning with the Union's industrial and skills strategies. The EIT achieves this by fostering long-term pan-European partnerships among businesses, educational institutions, and research organisations, known as Knowledge and Innovation Communities (KICs). These KICs are central to the green and digital transition, and thus, the EIT KICs' activities add societal value.<sup>[7]</sup> The EIC and EIT both offer business acceleration services, with the EIC providing substantial support to individual beneficiaries, while the EIT offers diverse support

to a broader group of stakeholders across the knowledge triangle. Thereby, the EIT is a crucial instrument for knowledge diffusion and tackling “imbalances in innovation capacity”.<sup>[8]</sup>

According to the independent Expert Report on the European Framework Programmes for Research in Innovation, the EIT “lay[s] the groundwork for a pan-European Innovation Ecosystem intertwining regional innovation ecosystems across the EU” and its Regional Innovation Scheme (RIS) is crucial in developing ecosystems in low-innovation performance regions by integrating local and regional smart specialisation strategies.<sup>[9]</sup> Its educational component helps address the shortage of skilled workers in high-tech sectors in the EU<sup>[10]</sup> and by providing education and training in local languages, it plays a key role in preventing brain drain in less-developed regions in 21 “RIS countries”.<sup>[11]</sup> Additionally, the EIT has helped mobilise an additional EUR 7.3 billion of private investment in start-ups in strategic sectors such as batteries, hydrogen or health. <sup>[12]</sup>

Finally, the EIT has piloted and is now scaling up an initiative to build capacity for innovation and entrepreneurship in HEIs. This type of capacity building work is what the higher education sector needs to help firms become more entrepreneurial, as well as absorb and apply knowledge. Europe’s HEIs are a critical resource that play a developmental role, especially in less developed regions. Continuing and scaling this up is crucial to build on the momentum in Horizon Europe.

#### Recommendation 5: Enhance the proof of concept

More than 40% of projects funded by the European Research Council generated research that was subsequently cited in patent applications.<sup>[13]</sup> This shows the huge potential economic benefit that stems from European frontier research. The proof of concept is a crucial tool to explore the potential commercialisation of this fundamental research. It is awarded to researchers who previously received an ERC grant and is important to bridge the Innovation Valley of Death. Its success rate is 43%, and it has been awarded to over 2000 researchers.<sup>[14]</sup> This funding scheme can be pivotal to increase European competitiveness. We encourage researchers to collaborate with UAS, as these institutions have the necessary knowledge and mindset to translate scientific findings into practical use and commercialised products. Furthermore, these institutions are deeply connected to industry and might help find potential partners. In order to improve the Proof of Concept, we propose increasing project funding from €150.000 to €200.000 and extending the project duration from 18 to 24 months. This will enhance the likelihood of fully achieving the project objectives. <sup>[15]</sup>

#### Recommendation 6: Enhance synergies with other EU funding programmes

The Seal of Excellence (SoE) is awarded to excellent project proposals that did not receive Horizon Europe funding due to budget constraints. It is a European quality label intended to encourage other funding programmes, notably the European Regional Development Fund (ERDF) to support the

research, as it has already passed the rigorous Horizon Europe evaluation process. The SoE serves as a tool to minimise time-consuming double evaluations and reduce administrative barriers. EU Member States have the autonomy to determine how to utilise the Seal of Excellence and establish funding mechanisms. Yet, many projects that received the Seal of Excellence remain unfunded.<sup>[16]</sup> We recommend that the European Commission works closer with Member States to increase the number of proposals that receive the SoE, thereby better utilise the potential of European R&I. For instance, the European Commission could consider co-funding 15% of the follow-up research, encouraging member states to support a larger proportion of Seal of Excellence recipients. We also urge Member States to take advantage of the possibility to transfer funds from its ERDF allocation to Horizon Europe, in particular the Marie Curie fellowships. The next Framework Programme should maintain these measures and be even more creative in finding synergies, including with the Erasmus+ Programme.

### Recommendation 7: Keep and improve Widening as part of FP10

Widening participation and spreading excellence is an important means to improve accessibility of competitive funding for institutions and researchers from widening countries that might not have access to these funds due to lack of experience in taking part and applying for EU-funded research. Researchers from Institutions in these countries generally welcome the measure as it improves scientific cooperation, enhances grant writing and administrative capacity, increases researchers' mobility and attracts distinguished researchers. However, the sustainability of widening actions is limited due to the lack of long-term funding pipelines and limited use of downstream funding synergies.<sup>[17]</sup>

According to the European Court of Auditors "[t]he widening measures were well-designed to address the limited participation of widening countries in R&I framework programmes, but sustainable change requires efforts at national level."<sup>[18]</sup> It is important to continue the widening measures and implement necessary changes at the national level simultaneously to reduce the intra-European innovation gap. Therefore, we ask Member States to retain the widening programme and increase its budget to €10 billion. This increase will enhance the ability to fully utilise the European R&I potential while supporting researchers and institutions from countries with low participation in European R&I programs. This will significantly contribute to increasing R&I capacity in widening countries and help smaller institutions, such as UAS, improve their chances of participating in European projects.

As mentioned, widening alone is insufficient to address Europe's innovation gap. Widening countries, on average, show a significantly lower R&I intensity expenditure than countries joining the EU before 2004. Eight EU Member States – all widening countries – spent less than 1% of their GDP on R&I in

2022.<sup>[19]</sup> We therefore call on the Commission to urge all national governments to increase national R&I spending to 3%. This is crucial to enhance funding possibilities for R&I actors across the entire continent thereby increasing European competitiveness.

### **Recommendation 8: focus on the effectiveness of consortia and inclusion of UAS**

Horizon Europe has resulted in many large consortia with dozens of partners. Although we value these large projects' collaborative spirit and ambition, their size eventually results in disproportionately higher costs. When consortia are too large, they become inefficient due to the excessive resources needed for administration, making it more likely for activities to be duplicated. This increasing trend toward larger consortia needs to be addressed.

EURASHE also suggests exploring ways to involve UAS in a greater number of calls, as these institutions approach the project from a different perspective and naturally focus on the application and utilisation of knowledge. Including UAS in collaborative research, even in projects focused on frontier research, will add value to the European Innovation ecosystems. Likewise, public-private partnerships enhance the effectiveness of consortia. Smaller consortia, embedded in the industry with both private and public partners, could achieve better commercialisation pathways.

### **Recommendation 9: Adhere to “as open as possible, as closed as necessary” and make all data FAIR**

Open Collaborative Research should be the default principle of any research collaboration. Only through Open Science can fundamental research be of high quality. Openness ensures inclusivity and diversity in research, benefiting scientific inquiry by extending the limits of our knowledge. Open Innovation can also ensure the participation of diverse stakeholders in the innovation process. However, when collaborating with applied research institutions and private firms, making all data open is not feasible<sup>[20]</sup>. This would deter private investment in new technologies, which is crucial to achieving European competitiveness. Additionally, there has been a growing emphasis on knowledge security – the undesired transfer of sensitive knowledge and technology.<sup>[21]</sup> Nonetheless, all the data produced by European Commission-funded research projects should be FAIR (findable, accessible, interoperable and reproducible). FAIR data enhances the possibility of reproducing results and facilitates the detection of errors. It is not, however, the same as Open Data. The current balance between Open Science requirements and the protection of intellectual property rights within Horizon Europe effectively fosters both innovation and collaboration, ensuring that research outputs are accessible while safeguarding commercial interests.



### Recommendation 10: Provide adequate funding for the ERA Forum

The European Research Area (ERA) Forum is an expert group composed of representatives of EU Member States, the European Commission, and R&I stakeholders that collaboratively designs and oversees ERA policies. As such, it is an important stakeholder with the relevant expertise to co-create effective policies. Engaging the ERA Forum in FP10 discussions and funding its initiatives will enable more productive real-time feedback.

## References

- [1] [Lisbon Strategy \(Lisbon European Council 23 and 24 March 2000\)](#).
- [2] [Enrico Letta, "Much More than a Market" \(April 2024\)](#).
- [3] [Mario Draghi – The future of European competitiveness – A competitiveness strategy for Europe \(September 2024\)](#).
- [4] Applied HEIs are usually known as Universities of Applied Science but in some countries similar institutions are Polytechnic Universities (e.g. Portugal), Technological Universities (e.g. Ireland), or in countries with unitary higher education systems they may simply be called universities and have an applied mission.
- [6] [Science|Business \(2024\)](#)
- [7] European Commission (2024), [Evaluation study of the European Framework Programmes for Research and Innovation for Innovative Europe, Report Phase 2](#)
- [8] Ibid. p. 98
- [9] Ibid p. 83
- [10] Ibid. p. 97
- [11] Ibid. p. 99
- [12] European Commission (2024), [The 2024 Annual Single Market and Competitiveness Report](#)
- [13] [European Research Council \(2023\), \*New study reveals how frontier research spurs patented inventions.\*](#)
- [14] [European Research Council \(2024\), \*2000th ERC Proof of Concept Grant awarded.\*](#)
- [15] [European Research Council \(2017\), \*An Empirical Assessment of the ERC Proof-of Concept Programme Final Report.\*](#)
- [16] [European Court of Auditors \(2022\), \*Special report 23/2022: Synergies between Horizon 2020 and European Structural and Investment Funds: Not yet used to full potential.\*](#)
- [17] [Alliance 4Life \(2023\), \*D5.2 Policy Paper on the Efficiency of WIDESPREAD Measures, p.3.\*](#)

<sup>[18]</sup> [European Court of Auditors \(2022\), \*Special report 23/2022: Synergies between Horizon 2020 and European Structural and Investment Funds: Not yet used to full potential.\*](#)

<sup>[19]</sup> [Eurostat \(2024\)](#), accessed September 2024

<sup>[20]</sup> [EURASHE Task Force Conclusions on Open Science \(2024\)](#)

<sup>[21]</sup> Government of the Netherlands (2022), [National Knowledge Security Guidelines](#)

## About EURASHE

EURASHE is the European Association for the Applied Sciences in Higher Education, the leading voice for applied sciences and professional higher education in Europe. With its 75 members from across Europe and beyond, EURASHE advocates for the interests of more than 500 applied higher education institutions. Founded in 1991, EURASHE has a mission to promote the value of applied higher education at both national and European levels. It is committed to fostering international cooperation and enhancing the global engagement of its member institutions. Through these efforts, EURASHE contributes to the advancement of higher education and research, and in particular its role in meeting societal and economic challenges. For more information, visit [www.eurashe.eu](http://www.eurashe.eu)