

15 October 2026

BusinessEurope input to the Public Consultation on Joint Undertakings, Art. 185 initiatives, and thematic priorities for European Partnerships under Horizon Europe 28-34

European Partnerships are crucial for achieving Europe's strategic objectives while also enhancing the resilience and competitiveness of its industry. They are uniquely positioned to tackle complex challenges that require an integrated Research & Innovation approach, bringing together diverse actors (such as industry, RTOs, public bodies, or academia) across value chains and borders to work under a shared vision and a joint roadmap.

Why Pillar II Partnerships Matter

Pan-European public-private partnerships under Pillar II are an essential cornerstone for strengthening the competitiveness and resilience of the EU. They are notably decisive in bringing research to market in the form of globally competitive products and value creation in Europe. Pillar II is the only truly collaborative part of the Framework Programme today, breaking silos to promote the flow of knowledge between and within the private and public sectors as well as between basic and applied research.

Pillar II partnerships are crucial to:

- Build long-term public-private partnerships based on trust amongst a wide variety of European RD&I actors, which is an indispensable element in strengthening its RD&I ecosystems. This ensures the industry's uptake of novel technologies and scale-up into new solutions, products, and services, all while increasing European competitiveness.
- Reduce risk and uncertainty and stimulate private investment in Europe by demonstrating the EU's support for technology-intensive sectors, while preserving technology neutrality for a level playing field on the internal market. This would give the right incentives for industry to invest in RD&I in Europe rather than in third countries, thus supporting the delivery of the EU green and digital transitions.

Budget for Pillar II

BusinessEurope welcomes that Pillar II of Horizon Europe remains the largest recipient of funds within the programme, with an increase of €22.4 billion (article 6 HE) proposed by the European Commission. However, its overall budget share has declined to 43.3% from 56% in the previous framework programme. This underemphasises the importance of transferring knowledge into industrial applications thereby undermining competitiveness and sending the



wrong signal. Only by joining forces with industry and research can Europe's innovation gap be effectively closed.

BusinessEurope therefore calls for a reinforced budget for Horizon Europe in order to achieve a corresponding increase of **€22.1 bn in 2025 prices (= €25 bn in current prices) in Pillar II** and to complement it with money from the ECF. In the R&I context, notwithstanding the fact that the ECF will serve other projects beyond R&I, the four policy windows of the ECF should be complementary seamless funding instruments of Horizon Europe that reinforce the innovation–deployment continuum, providing targeted support to accelerate the uptake of research results across sectors.

Industry-led Governance

Governance will define the structures, rules, and processes through which decisions will be made, responsibilities allocated, and activities coordinated between and within Horizon Europe and the ECF. The governance schemes accompanying these new proposals must ensure that stakeholders, including industry, are involved adequately in priority setting, program design, and monitoring outcomes, while helping maintain the right balance between predictability and flexibility, crucial for the ultimate success of research and innovation programs.

Industry must have a clear role in shaping priorities, designing calls, and overseeing implementation. This requires involvement of **industry experts at all levels of governance** relevant to the ECF and Horizon Europe: top-down strategic direction-setting, and bottom-up project-level oversight.

The proposal for integrated work programmes for each ECF policy window, including the collaborative part of Horizon Europe's Pillar II, is meant to help deploy innovations in the market and is key to enhancing European competitiveness from knowledge to market. While the nature of collaborative research programming is different and requires specific expertise and mindset, we believe this distinction can work better through **an integrated work programme** that links input from innovation experts with deployment actions. This must involve industry experts and their understanding of the potential of R&I on new technologies on the one hand, and the realities of markets and competitiveness on the other.

Speed and Simplification

Faster procedures, supported by concrete targets for reducing “time-to-grant” are important. At the same time, a clear strategy and commitment to achieving them in practice is needed, so that these translate into tangible results. Alignment between call topic expectations and evaluators' guidelines could improve agility by reducing the scope of evaluators' recommendations and, consequently, the extent of grant negotiations. Calls should also specify compatibility with national schemes to avoid legal uncertainty and delays.

While we support the **rationalisation of European Partnerships**, it is important that the Commission ensure full transparency on the criteria and process that will be used for streamlining and simplifying European Partnerships.



Lastly, simplification must work for beneficiaries, not against them. A one-size-fits-all approach will undermine participation. We therefore call for a balanced framework that preserves flexibility in reimbursement models: combining **lump sums** with cost-based options, including personnel unit costs and actual cost methodologies where appropriate. This flexibility is critical to ensure that beneficiaries from all sizes and types can participate efficiently without unjustified discrimination.

Cash Contributions

Policymakers must refrain from imposing new cost requirements on large companies. The Commission's intention to introduce mandatory, direct **cash contributions** from industry on European Partnerships, while also reducing funding rates for large companies risks creating barriers rather than incentives for industry participation in European R&I projects. Given the capital intensity and long investment cycles of many industrial projects - particularly in strategic sectors - it is important that Horizon Europe and ECF maintain funding conditions that remain attractive and accessible to industry-led initiatives.

Keeping **in-kind industry contribution** in projects - both in terms of operational costs (so-called IKOP), and additional activities (so-called IKAA) - is essential as no cash contributions can replace the intangible knowledge, expertise, and networks that industry contributes to R&I projects. From a practical perspective, shifting industry contributions from in-kind to in-cash will drive industry out of the programme due to incompatibility with most companies' business and accounting models.

Funding Rates

Current Horizon Europe offers 70% **funding rates** for Innovation Actions and 100% funding rates for Research and Innovation Actions. Under new Horizon Europe, funding for large companies is capped at 70% of eligible costs. In practice, however, non-eligible costs and limited EU contributions mean that the effective funding rate often falls closer to 50%. Further reductions in EU funding would discourage companies from engaging in upstream research.