

Amendments to the Competitiveness Fund and Horizon Europe

This paper offers amendments to the legislative proposals for a European Competitiveness Fund (ECF) and revised Horizon Europe programme (HEU).¹ The recommendations reflect DIGITALEUROPE's design principles for the next Multiannual Financial Framework (MFF).²

Prioritise critical technologies across all four funding windows

What to change: Critical technologies like AI, connectivity and semiconductors should receive funding from all ECF windows, not exclusively through the "Digital Leadership" window. At least 25 per cent of the overall EU budget should be dedicated to the development and deployment of critical technologies.

- ▶▶ **Article 3 ECF:** Add language to ensure all funding windows support the development and deployment of critical technologies.
- ▶▶ **Article 6 HEU:** Rebalance Horizon Europe funding towards Pillar II to support commercialisation of research outputs, especially in the Digital Leadership and Security funding windows.

Why it matters: EU funding is limited and must focus on areas with the greatest impact. This means prioritising digital and critical technologies essential to Europe's security, sustainability and competitiveness.

Strengthen support for commercialisation and deployment

What to change: Funding should be allocated across all Technology Readiness Levels (TRLs), from early research to industrial scaling and market uptake.

- ▶▶ **Article 39 ECF** – Within the digital leadership window, explicitly include the requirement to build a coherent, end-to-end innovation pipeline from early research to industrial deployment. To this end, the ECF and Horizon need to be closely aligned to ensure funding is available across all TRLs, to reinforce public-private partnerships, and to strengthen support for industry-led collaborative projects in critical technologies.
- ▶▶ **Article 11 HEU:** Preserve attractive conditions for public-private partnerships, by taking in-kind contributions into account.

Why it matters: Fragmented programmes and funding cliffs faced by innovators prevent ideas from reaching the market and European companies from competing globally.

¹ COM(2025) 555 final/2 https://commission.europa.eu/publications/european-competitiveness-fund_en and COM(2025) 543 final <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0543&qid=1753802854776>

² Design principles for a European Competitiveness Fund, 6 May 2025, available at: <https://www.digitaleurope.org/resources/design-principles-for-a-european-competitiveness-fund/>



Simplify and align rules across ECF and Horizon Europe

What to change: Create a true one-stop-shop for EU funding, with a single rulebook across Competitiveness Fund and Horizon, harmonised eligibility criteria, faster procedures and greater predictability for applicants.

- ▶▶ **Article 6 and 7 ECF:** Clarify the alignment of funding instruments, including with other relevant funding offers led by actors like the European Investment Bank Group.
- ▶▶ **Article 10 and 26 HEU:** Limit the use of lump sums, which reduce funding flexibility, and be more ambitious about the time from application to funding decision by setting it at three months.

Why it matters: Complex and fragmented rules discourage applicants, especially SMEs, waste resources and delay investments.

Take a balanced and proportionate approach to EU preference

What to change: EU preference rules should be risk-based, proportionate and clearly defined, avoiding the introduction of vague and potentially wide-ranging restrictions that undermine innovation and competitiveness.

- ▶▶ **Article 10 ECF:** Clarify the requirements of EU preference and specify the conditions for their use.
- ▶▶ **Article 20 HEU:** Align the rules for Pillar II with a merit-based, open and collaborative approach.

Why it matters: Overly restrictive or unclear EU preference conditions deter private investment, reduce participation in collaborative research and weaken Europe's global competitiveness.

Strengthen governance and industry involvement

What to change: Ensure meaningful industry participation in governance structures and the design of work programmes.

- ▶▶ **Article 14 ECF:** Specify the governance structures to ensure strong representation of strategic technology leaders, scaleups and industry associations in the Strategic Stakeholders Board.

Why it matters: Industry expertise is essential to identify market failures, guide strategic investments and ensure funding delivers real economic impact. A more flexible funding approach requires better involvement of recipients to identify real market needs and respond to opportunities in an agile manner

DIGITALEUROPE has identified projects ready for investment. Our **AI & Tech Declaration**³ outlines investment projects across critical sectors to boost the rapid development and deployment of digital infrastructure. The **Copenhagen project**⁴ explains funding needs for resilience, defence, dual-use and security-relevant technologies, highlighting the need to support rapid deployment, scaling of industrial capacity and cross-border implementation of such initiatives.

³ DIGITALEUROPE AI & Tech Declaration <https://www.digitaleurope.org/european-ai-and-tech-declaration-page/>.

⁴ DIGITALEUROPE Copenhagen Project <https://www.digitaleurope.org/resilience-defence/>.



Annex – Detailed amendments

Prioritise critical technologies across all four funding windows

We welcome the strong emphasis placed on digital leadership in the ECF proposal and appreciate the top-up it receives via Horizon Europe Pillar II. However, even with an allocation of €51.5bn, Europe still lacks the funds to turn world-leading research into competitive commercial products and digital solutions.⁵

Funding for critical technologies like AI, semiconductors and quantum should not be confined to the Digital Leadership window. These investments will be crucial to other projects, e.g., on health, biotech, defence and space, where technological dependencies and vulnerabilities pose risks. We propose amending Article 3 ECF and Article 6 Horizon Europe accordingly.

For the purposes of these amendments, “critical technologies” should be understood as the ten critical technology areas for the EU’s economic security as defined in the European Economic Security Strategy and the work undertaken by the Observatory on Critical Technologies.⁶ This would ensure alignment across funding and other EU policies.

EC proposal for Regulation on ECF/ HEU	Council revisions ⁷	DIGITALEUROPE amendment	DIGITALEUROPE comments
ECF Article 3 Objectives 1. The general objective of the ECF is to increase European competitiveness, notably in strategic sectors and technologies along the investment journey by: [...]	ECF Article 3 Objectives 1. The general objective of the ECF is to increase European strengthen the Union's competitiveness, notably in strategic sectors and technologies along the investment journey by:	[...] <i>1(kb) supporting the development and large-scale deployment of critical technologies, as defined in [the European Economic Security Strategy or updated list of critical technologies].</i>	Large EU level investments in critical technologies like AI, connectivity and semiconductors are essential to strengthen Europe’s competitiveness and security. Introducing this general objective would operationalise the goal to support digital transformation across

⁵ A 2025 EPRS study estimates the EU investment gap to boost high tech digital innovation at €157–227bn per year, of which €24–68bn per year would need to come from public sources. Available at: [EPRS STU\(2025\)762853_EN.pdf](#).

⁶ These 10 technology areas are: advanced semiconductor technologies; artificial intelligence technologies; quantum technologies; biotechnologies; advanced connectivity, navigation and digital technologies; advanced sensing technologies; space and propulsion technologies; energy technologies; robotics and autonomous systems; and advanced materials, manufacturing and recycling technologies. See Annex to COMMISSION RECOMMENDATION (EU) 2023/2113 of 3 October 2023 on critical technology areas for the EU’s economic security for further risk assessment with Member States, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023H2113>

⁷ Based on the third revised Presidency text as of 25 November 2025, available at: <https://data.consilium.europa.eu/doc/document/ST-15348-2025-REV-1/en/pdf>

	[...]		all policy windows as articulated in Recital 29.
<p>HEU Article 6</p> <p>4.The indicative financial envelope of the Programme for the period 1 January 2028 to 31 December 2034 shall be EUR 175 002 000 000 in current prices.</p> <p>5.The indicative distribution of the amount referred to in paragraph 1 of this Article for the Specific Programme referred to in Article 1(2)(a), shall be:</p> <p>(a)EUR 44 079 000 000 for Part I ‘Excellent Science’, of which EUR 2 600 000 000 for non-nuclear direct actions of Joint Research Centre (JRC).</p> <p>(b)EUR 75 876 000 000 for Part II ‘Competitiveness and Society’, of which:</p> <p>[...]</p>	<p>Unchanged</p>	<p>(b) EUR 75 876 000 000 96,251,100,000 for Part II ‘Competitiveness and Society’...</p> <p><i>[and increase Pillar II allocation across individual windows accordingly]</i></p>	<p>Allocate 55% of the Horizon Europe budget to Pillar II. The share of Pillar II has fallen to 43.3%, down from 56% in the current programme.</p> <p>Within Pillar II, the areas supporting the ECF windows on “Digital Leadership” and on “Resilience and Security, Defence Industry and Space” receive the smallest budgets, at just €16.8 billion and €6.4 billion respectively.</p> <p>These are precisely the areas where Europe needs to invest to better link applied research and industrial policy.</p>

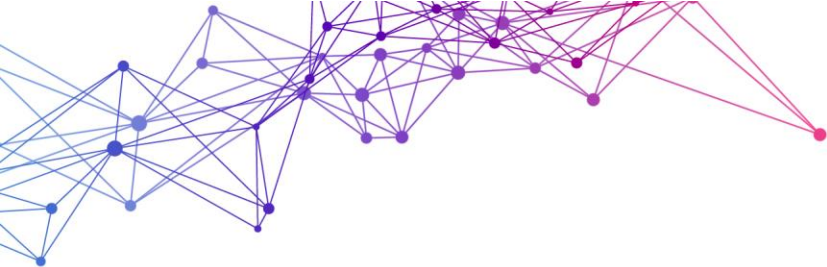
Strengthen support for commercialisation and deployment

Despite Europe's world-class research, too many innovations fail to reach the market. The Competitiveness Fund and Horizon Europe need to be closely aligned to facilitate a continuous innovation pipeline across the full range of Technology Readiness Levels (TRL) all the way to industrial deployment.

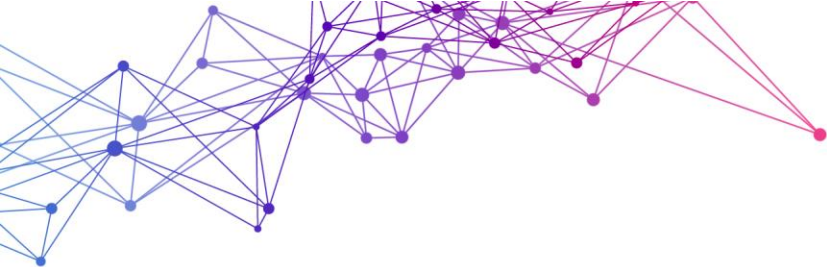
The Digital Leadership window should focus on critical technologies, without pre-defining the precise list of areas eligible for funding to retain flexibility. The ECF Stakeholders Board should have an active voice in setting funding priorities in the work programmes to reflect new technological developments and market opportunities.

EC proposal for Regulation on ECF/ HEU	Council revisions	DIGITALEUROPE Amendment	DIGITALEUROPE Comment
ECF Art. 39 Specific activities to support digital leadership policy 1. Support for digital leadership shall address, in a comprehensive and coherent manner, the entire scope of the digital sector, such as Artificial Intelligence, (including AI Factories and Gigafactories), high performance computing, quantum technologies, semiconductors and photonics, robotics, large data technologies, telco-edge and cloud technologies, 6G and other wireless technologies, communication networks, advanced connectivity, including 6G and other wireless technologies, sensing technologies, cybersecurity and network resilience, software engineering,	ECF Art. 39 Specific activities to support digital leadership policy 1. Support for digital leadership shall address, in a comprehensive and coherent manner, the entire scope of the digital sector, such as Artificial Intelligence, (including AI Factories and Gigafactories), high performance computing, quantum technologies, semiconductors and photonics, robotics, large data technologies, telco-edge and cloud technologies, 6G and other wireless technologies, communication networks, advanced connectivity, including 6G and other wireless technologies, sensing technologies, cybersecurity and network resilience, software engineering,	ECF Art. 39 Specific activities to support digital leadership policy 1. Support for digital leadership shall address, in a comprehensive and coherent manner, <i>critical technologies crucial for European competitiveness and security.</i> , the entire scope of the digital sector, such as Artificial Intelligence, (including AI Factories and Gigafactories), high performance computing, quantum technologies, semiconductors and photonics, robotics, large data technologies, telco-edge and cloud technologies, 6G and other wireless technologies, communication networks, advanced connectivity, including 6G and other wireless technologies, sensing	ECF's Digital Leadership policy window should focus on critical technologies. Guidance and direction should be given by the ECF Stakeholders Board (see Art.).

augmented reality and virtual worlds, digital twins, Union digital identity and business wallets, trust technologies, new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, support for data technologies and data spaces.	augmented reality and virtual worlds, digital twins, Union digital identity and business wallets, trust technologies, new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, support for data technologies and data spaces.	technologies, cybersecurity and network resilience, software engineering, augmented reality and virtual worlds, digital twins, Union digital identity and business wallets, trust technologies, new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, support for data technologies and data spaces.	
(b) The implementation shall include, but not be limited to, creating an attractive ecosystem for disruptive innovative companies, SMEs, start-ups and scale-ups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through procurement, and contributing to the Union's digital sovereignty, with a focus on addressing the complexity of the technological value chains, standardisation, the security of supply of advanced digital technologies, infrastructures, and services, needed capacities, including manufacturing, production	(b) The implementation shall include, but not be limited to, creating an attractive ecosystem for disruptive innovative companies, SMEs, start-ups and scale-ups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through procurement, and contributing to the Union's digital sovereignty, with a focus on addressing the complexity of the technological value chains, and standardisation, as well as strengthening the security of supply of advanced digital technologies, infrastructures, and services, by supporting needed	(b) for disruptive innovative companies, SMEs, startups and scaleups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through public and private procurement practices that are conducive to innovation, and contributing to the Union's digital sovereignty, with a focus on addressing the complexity of the technological value chains, and standardisation, as well as strengthening the security of supply of advanced digital technologies, infrastructures, and services, by supporting needed capacities, including manufacturing, production	Innovative companies need demand. The Competitiveness Fund must support innovation procurement, the creation of lead markets and the diffusion of new technologies across the economy and society.

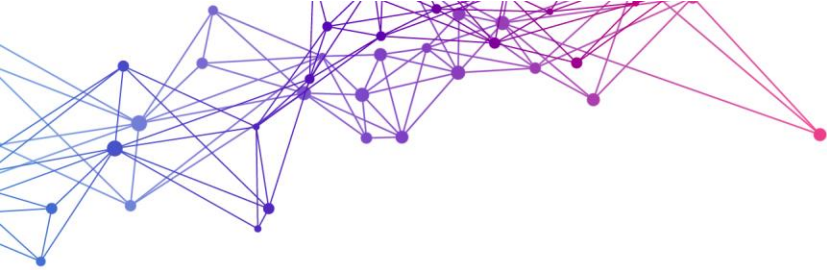


capacity, and advanced digital skills both in the private and public sectors.	capacities, including manufacturing, production capacity, and advanced digital skills both in the private and public sectors.	<i>capacity, and advanced digital skills both in the private and public sectors. and facilitating the deployment and diffusion of innovative solutions across the market.</i>	
(c) Enabling the power of digital for businesses and citizens by deploying state-of-the-art and sustainable digital applications, infrastructures and services across the Union. The implementation shall include, but not be limited to, actions to research and innovate, develop, produce, manufacture, or deploy advanced digital infrastructures at scale across the Union (e.g. high-performance computing, telco-cloud-edge, AI Factories and Gigafactories, data and data spaces, testing and experimentation facilities, semiconductor, photonics and quantum chips pilot lines, quantum computing, communication and sensing infrastructures, cybersecurity hubs, the EU for Business Network, European Digital Innovation Hubs, advanced connectivity infrastructures including submarine cables and non-terrestrial networks), the EU Digital Identity Wallets and trust services as well as the European Business Wallets and	(c) Enabling the power of digital for businesses and citizens by Deploying state-of-the art and sustainable digital applications, infrastructures and services across the Union. The implementation shall include, but not be limited to, including through actions to research and innovate, develop, produce, manufacture, build, modernise, complete or deploy advanced digital infrastructures at scale across the Union (e.g. high-performance computing, telco-cloud-edge, AI Factories and Gigafactories, data and data spaces, testing and experimentation facilities, semiconductor, photonics and quantum chips pilot lines, quantum computing, communication and sensing infrastructures, cybersecurity hubs, the EU for Business Network, European, trans European digital Innovation Hubs, advanced connectivity infrastructures including submarine cables and non-terrestrial networks),	(c)... including notably those implemented through the European Digital Infrastructure Consortia or Joint Undertakings. <i>The programme should also support access to testing, demonstration and validation infrastructures, including testing and experimentation facilities, essential for the safe and effective deployment of innovative technologies in real-world environments. In implementing these actions, deployed digital solutions shall ensure high levels of transparency, interoperability and reliability where security, cross-border cooperation and the seamless functioning of services are essential.</i>	Large-scale deployment of advanced digital technologies requires access to testing, demonstration and validation infrastructures. Such facilities are essential to ensure technologies can be deployed safely, effectively and reliably in real-world conditions before market uptake. Transparency, interoperability and reliability are key criteria to follow in the implementation of digital infrastructure projects across Europe.



<p>services, secure and interoperable digital public infrastructure, to act as a key enabler of the digital transformation and in support of societal resilience and preparedness, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and shall otherwise exploit untapped potential to create a domestic market for advanced digital technologies ‘made in Europe’. Such actions may be provided under the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia or Joint Undertakings.</p>	<p>the EU Digital Identity Wallets and trust services as well as the European Business Wallets and services, and secure and interoperable digital public infrastructure, to at scale and across borders that act as a key enablerkey enablers of the digital transformation and in that support of societal resilience and preparedness, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and shall otherwise exploit untapped potential to create a domestic market for advanced digital technologies ‘made in Europe’. Such actions may be provided under the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia or Joint UndertakingsArticle 10.</p>		
-	-	<p><i>(f) Support the rapid commercialisation and scaling of technological innovations. In close alignment with Horizon Europe, funding should be allocated proportionately across Technology Readiness Levels to create a</i></p>	<p>Innovators need a coherent pathway from early-stage research to industrial scaling and deployment of digital solutions. The ECF and Horizon need to align to distribute fundings across the Technology</p>

		<i>coherent pathway from research to industrial scaling.</i>	Readiness Level (TRLs) value chain.
-	-	<i>5. Activities under this chapter should include robust safeguards for intellectual property, trade secrets and commercially confidential information, enabling effective collaboration and technology transfer while preserving innovation incentives across sectors.</i>	Support designed to facilitate collaboration and technology transfer need to protect legitimate business interests. Strong IP and confidentiality safeguards are necessary to de-risk participation, especially for SMEs, and accelerate industrial scaling and market deployment.
HEU Article 11 European Partnerships 6. Contributions from Partners other than the Union shall take the following forms: (a) financial contributions to the operational budget of the initiative; (b) co-financing by the Partners of their own participation, or that of their members, in projects funded through the initiative.	HEU Article 11 European Partnerships 6. Contributions from Partners other than the Union shall take the following forms: (a) financial contributions to the operational budget of the initiative; (b) <u>in-kind contributions through</u> co-financing by the Partners of their own participation, or that of their members, in projects funded through the initiative.	6. Contributions from Partners other than the Union shall take the following forms: (a) financial contributions to the operational budget of the initiative; (b) <i>in-kind contributions through co-financing by the Partners of their own participation, or that of their members, in projects funded through the initiative.</i>	We endorse the Council proposal to clarify the options for partners to make in-kind contributions besides in-cash ones. Partnerships remain an effective and forward-looking instrument, capable of enabling collaboration between industry, research organisations and the Union. Therefore, conditions should remain to incentivise industry participation rather than preventing it. Companies already make substantial in-kind contributions to Horizon Europe partnerships, covering staff, facilities and project implementation costs. Introducing additional cash contribution requirements, while simultaneously reducing funding rates for large industry, would make participation in collaborative, early-stage research



			financially unattractive. Horizon Europe should avoid placing new cost burdens on companies and ensure that funding conditions remain balanced and economically viable.
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Simplify and align rules across ECF and Horizon Europe

Reducing the complexity of funding offers and related rules is essential to make EU funding more accessible and innovation friendly. We support the Commission's intention to harmonise funding procedures, introduce a single rulebook, streamline eligibility criteria and reduce the reporting burden on recipients. However, several aspects of the proposals risk creating uncertainty for applicants or could duplicate existing Horizon Europe mechanisms.

To streamline rules, the framework must closely align the ECF and Horizon programmes, introduce predictable and efficient award procedures, and offer practical support for applicants throughout the investment cycle. This includes establishing a genuine one-stop-shop for combined funding (we support the language in Art. 6 ECF on alternative, combined and cumulative funding), clarifying the operational implications of the Competitiveness Seal (Art. 8 ECF), reducing time-to-grant (Art. 26 HEU), avoiding excessive reliance on lump sums (Art. 10 HEU), and ensuring full alignment with the existing Horizon Europe consortia model (Art. 17 ECF).

EC proposal for Regulation on ECF / HEU	Council Revisions	DIGITALEUROPE Amendment	DIGITALEUROPE Comment
ECF Article 7 Coordination 3. The ECF will be implemented in synergy with other Union funds, including the Global Europe Fund, in particular to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies.	ECF Article 7 Coordination 3. The ECF will shall be implemented in synergy with other Union funds, including the Global Europe Fund, in particular to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies, as well as including the Connecting Europe Facility, the Single Market and Customs Programme, Erasmus+ and AgoraEU.	<i>3. The ECF shall be implemented in synergy with other Union instruments and initiatives, including the Global Europe Fund, to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies, as well as including the Connecting Europe Facility, the Single Market and Customs Programme, Erasmus+ and AgoraEU. The Commission shall promote coordination with funding led by the European Investment</i>	Improved coordination between Union programmes and public financing initiatives (like the EIB's TechEU platform and the European Tech Champions Initiative, including its subsequent phases), can enhance continuity of support from innovation to scale-up. This should, however, be achieved through streamlined procedures that avoid duplicative reporting and unnecessary administrative burden for companies, in particular SMEs and scale-ups.

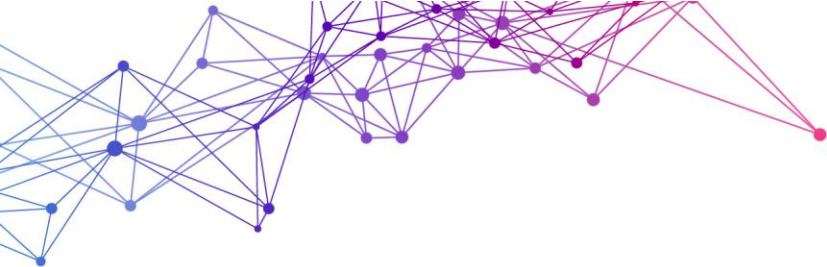
		<p><i>Bank Group and the European Innovation Council.</i></p> <p><i>4. Such coordination shall be designed and implemented in a proportionate manner and shall not result in increased reporting requirements or administrative burden for beneficiaries; where possible it shall rely on streamlined procedures and the avoidance of duplicate reporting across programmes.</i></p>	
<p>ECF Article 8 Competitiveness Seal</p> <p>1.A Competitiveness Seal may be awarded to high-quality actions which shall comply at least with the following conditions:</p> <p>(a)they have been assessed in an award procedure under the ECF;</p> <p>(b)they comply with the minimum quality requirements of that award procedure;</p> <p>2.The work programme or the documents related to the award procedure may set out additional conditions.</p>	<p>ECF Article 8 Competitiveness Seal</p> <p>1. Where the work programme provides for the possibility to award a Competitiveness Seal, it shall may be awarded to high-quality proposals or actions which shall comply at least with the following cumulative conditions:</p> <p>(a) they have been assessed in an award procedure under the ECF;</p> <p>(b) they comply with the minimum quality requirements of that award procedure;</p> <p>(ba) they comply with any additional conditions that may be</p>	-	<p>This article needs to specify what the competitiveness seal will imply for organisations.</p> <p>It should provide fast-track access to funding at the national level without requiring additional application procedures. Member States should commit to taking such awarded projects into account for their own financing schemes. The Commission and relevant EU agencies should maintain a database of pre-approved projects and support them in attracting funding.</p>

<p>3. Member States may support projects which have been awarded a seal, or may provide support through the ECF by making additional resources available to the ECF in accordance with Article 5(1) or (2).</p> <p>4. Strategic projects under CRMA, NZIA, CMA and other strategic projects identified in Union legislation that fulfil the conditions in paragraph 1, will be directly granted the Competitiveness Seal</p>	<p>set out in the work programme or the documents related to the award procedure.</p> <p>2. The work programme or the documents related to the award procedure may set out additional conditions.</p> <p>3. Member States may support projects which have been awarded a Competitiveness Seal, or may provide support through the ECF by making additional resources available to the ECF in accordance with Article 5(1) or (2).</p> <p>4. Strategic projects under CRMA, NZIA, CMA and other Strategic projects identified in Union legislation that fulfil the conditions in paragraph 1, will be directly points (a) and (b), shall be granted the Competitiveness Seal.</p>		
<p>ECF Article 17 EU Tech Frontrunners</p> <p>1. The work programmes may include dedicated two-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia leveraging on their role as innovation and export drivers to</p>	<p>ECF Article 17 EU Tech Frontrunners</p> <p>1. The work programmes may include dedicated two-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia leveraging on their role as innovation and export drivers to</p>	<p><i>1.... (a) The work programmes shall clearly define the concept of “EU Tech frontrunners” and ensure its coherence with Horizon Europe’s collaborative research and innovation consortia. ECF consortia shall be oriented towards concrete market needs and the development</i></p>	<p>We suggest adding point (a) to Article 17.1 to enhance clarity on: which entities qualify as “EU Tech frontrunners” and whether/how this concept aligns with the collaborative R&I consortia under Horizon Europe. New consortia under this article should focus on commercial</p>

strengthen their global competitive position along with their European SME suppliers through investments in new solutions and identification of relevant partners. Project preparation as well as crowding in of additional public and private capital may be supported.	strengthen their global competitive position along with their European SME partners and suppliers through investments in new solutions and identification of relevant partners. Project preparation as well as crowding in of additional public and private capital may be supported.	<i>of market-ready solutions. The definition of “EU Tech frontrunners” shall reflect the diversity of Europe’s innovation landscape and shall not exclude startups and scaleups due to their typical early-stage financial volatility. Furthermore, activities carried out under the “EU Tech frontrunners” concept shall align with the Union digital, data governance and cybersecurity frameworks, to ensure that resulting solutions can be deployed securely, interoperably and at scale across the Single Market.</i>	applications, while ensuring high standards of cybersecurity, interoperability and transparency, particularly for critical use cases. Consortia should also support the creation of dynamic innovation ecosystems in Europe and, where relevant, build on existing European structures and facilities (e.g., AI Factories and Gigafactories) to avoid duplication and accelerate the deployment of strategic technologies. This is particularly important for emerging deep-tech areas (e.g., quantum), where startups and scaleups often lead innovation.
ECF Article 20 Accelerated and Targeted Actions for Competitiveness 1. In order to create or facilitate the possibility of Union support to actions of imperative public interest or critical time-sensitivity, which could otherwise not be effectively implemented under the normal rules applicable to the Union budget or sectoral policies, the work programmes may identify certain award procedures, under direct or indirect management, that may	Unchanged	<i>1. In order to create or facilitate the possibility of Union support to actions of imperative public interest or critical time-sensitivity, which could otherwise not be effectively implemented under the normal rules applicable to the Union budget or sectoral policies, the work programmes under the European Competitiveness Fund and Horizon Europe competitiveness part may identify certain award procedures, under direct or indirect management, that may benefit from</i>	We add specific reference to the Competitiveness Fund and the Horizon Europe competitiveness part to clarify the scope of the targeted actions. Exceptions for accelerated action must be clearly specified to ensure full transparency in management of funds and award procedures. As it is not clear “imperative public interest” and “imperative public interest” mean in this context, we suggest deleting them. More detail is

<p>benefit from certain additions, exceptions, and derogations from applicable law, during the award procedure or implementation of the supported activities, under all of the following the conditions:</p> <p>...</p> <p>(b) the action is duly justified by an imperative public interest, and/or is of a time-sensitive nature, or both;</p>		<p><i>certain additions, exceptions, and derogations from applicable law, during the award procedure or implementation of the supported activities, under all of the following the conditions:</i></p> <p>...</p> <p>(b) the action is duly justified by an imperative public interest, and/or is of a time-sensitive nature, or both;</p>	<p>needed on whether these decisions should come from the EU (exclusive mandate) or as a shared mandate with Member States.</p>
<p>HEU Article 10 Implementation and forms of Union funding</p> <p>...4. Where Union funding is provided in the form of a grant, funding shall be provided as financing not linked to cost, or as simplified cost options in particular through lump sums as well as unit costs for personnel, in accordance with Regulation (EU, Euratom) 2024/2509. Funding may be provided in the form of actual eligible cost reimbursement only where the objectives of an action cannot be achieved otherwise. Where it is necessary to enable other sources of funding including co-investments with national resources subject to State aid rules, funding shall be provided in the form of actual eligible cost reimbursement or simplified cost options.</p>	<p>HEU Article 10 Implementation and forms of Union funding</p> <p>...4. Where Union funding is provided in the form of a grant, funding shallmay be provided as financing not linked to cost, in the form of actual eligible cost reimbursement or as simplified cost options in particular through lump sums as well as unit costs for personnel, in accordance with Regulation (EU, Euratom) 2024/2509. Funding may be provided in the form of actual eligible cost reimbursement only where the objectives of an action cannot be achieved otherwise. Where it is necessary to enable other sources of funding including co-investments with national resources subject to State aid rules, funding shall be</p>	<p><i>...4. Where Union funding is provided in the form of a grant, funding shall be provided as financing not linked to cost, or as simplified cost options in particular through lump sums as well as unit costs for personnel, in accordance with Regulation (EU, Euratom) 2024/2509. Funding may be provided in the form of actual eligible cost reimbursement or simplified cost options.</i></p>	<p>We advise against the widespread use of lump sums. Such financing scheme is not the best suited to collaborative projects where costs are difficult to predict and evolve over time.</p> <p>In practice, lump-sum payments are often tied to deliverables that depend on the performance of multiple consortium partners, which can create uncertainty for individual beneficiaries' reimbursement even when their own work is completed.</p> <p>Moreover, in partnerships where budgets are estimated well in advance, rigid lump sums reduce flexibility compared to actual-cost reimbursement when real effort and costs differ from early forecasts.</p>

	provided in the form of actual eligible cost reimbursement or simplified cost options.		
HEU Article 26 Time-to-grant 1. By way of derogation from the first subparagraph of Article 197(2) of Regulation (EU, Euratom) 2024/2509, the following periods shall apply: (a) for informing all applicants of the outcome of the evaluation of their application, a maximum period of five months from the final date for submission of complete proposals; (b) for signing grant agreements with applicants, a maximum period of seven months from the final date for submission of complete proposals. 2. The work programme may establish shorter periods than those provided for in paragraph 1. 3. In addition to the exceptions laid down in Article 197(2), second subparagraph, of Regulation (EU, Euratom) 2024/2509, the periods referred to in paragraph 1 of this Article may be exceeded for ERC actions, missions-oriented approach and when actions are submitted to an ethics assessment, security scrutiny or assessments to protect the competitiveness of the Union	HEU Article 26 Time-to-grant 1. By way of derogation from the first subparagraph of Article 197(2) of Regulation (EU, Euratom) 2024/2509, the following periods shall apply: (a) for informing all applicants of the outcome of the evaluation of their application, a maximum period of five months from the final date for submission of complete proposals; (b) for signing grant agreements with applicants, a maximum period of seven months from the final date for submission of complete proposals. 2. The work programme may establish shorter periods than those provided for in paragraph 1. 3. In addition to the exceptions laid down in Article 197(2), second subparagraph, of Regulation (EU, Euratom) 2024/2509, the periods referred to in paragraph 1 of this Article may be exceeded for ERC actions, missions-oriented approach actions receiving support from several components	<i>1. By way of derogation from the first subparagraph of Article 197(2) of Regulation (EU, Euratom) 2024/2509, the following periods shall apply:</i> <i>(a) for informing all applicants of the outcome of the evaluation of their application, a maximum period of five two months from the final date for submission of complete proposals;</i> <i>(b) for signing grant agreements with applicants, a maximum period of seven three months from the final date for submission of complete proposals.</i>	Time-to-grant should be reduced to a maximum of three months. This is particularly important for industrial and clinical research, where delays can undermine the viability and relevance of innovation. As an example, in areas such as clinical research, long lead times discourage participation: patent protection windows, regulatory timelines and rapid technology cycles mean that projects can become outdated before activities start if grant agreements take too long. A three-month deadline would help keep EU-funded projects competitive, timely and aligned with fast-moving scientific and market realities.



including its strategic assets and interests.	of this Programme or from other Union programmes , and when actions are submitted to an ethics assessment, security scrutiny or assessments to protect the competitiveness of the Union including its strategic assets and interests.		
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Take a balanced and proportionate approach to EU preference

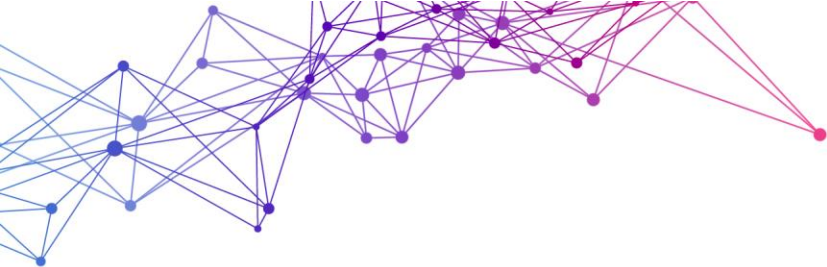
We caution that complex conditionalities – such as potentially wide-ranging EU preference rules and restrictive asset transfer provisions – risk deterring private investment, undermining participation in EU-funded projects and reducing EU competitiveness. While DIGITALEUROPE supports efforts to strengthen Europe's strategic autonomy, these objectives must be pursued in a way that enables innovation to thrive across global markets and within Europe's interconnected supply chains.

Requirements that are at the same time wide-ranging and open to interpretation like those foreseen in Art. 10 ECF (and linked to Horizon Europe Pillar II collaborations, see Art. 20 HEU) would create uncertainty that discourages businesses from engaging in collaborative R&I and investment projects. If not designed carefully, such rules could ultimately limit Europe's ability to scale advanced digital technologies and could disincentivise startups and scaleups from staying in Europe because they are usually highly dependent on non-EU private institutional investors.

A balanced approach is needed to reinforce Europe's strategic capabilities while ensuring fair, open access to funding and a merit-based selection.

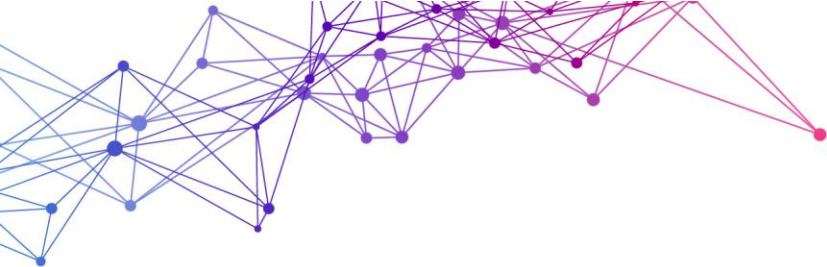
EC proposal for Regulation on ECF/ HEU	Council Revisions	DIGITALEUROPE Amendment	DIGITALEUROPE Comment
ECF Article 10 EU Preference [...] <p>2. The work programme, the investment guidelines or the documents related to the award procedure may set out eligibility conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate, including through preferential conditions such as restrictions or incentives for Union entities, while limiting distortion of the single</p>	Unchanged	<i>2. The work programme, the investment guidelines or the documents related to the award procedure may set out eligibility conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate, including through preferential conditions such as restrictions or incentives for Union entities, while limiting distortion of the single market. Such conditions shall be</i>	DIGITALEUROPE recognises Europe's need to safeguard competitiveness, security and strategic autonomy. However, Article 10 as currently drafted risks undermining European innovation by imposing vague and potentially wide-ranging EU preference and localisation requirements that would discourage businesses, both EU and associated country participants, from joining EU-funded collaborative projects, including Horizon Europe Pillar II.

market. Those eligibility conditions may take the form of:		<i>proportionate, strictly necessary, risk-based and not unduly hinder participation of innovative companies from collaborative Union programmes. Those eligibility conditions may take the form of:</i>	
<p>(a) participation and performance restrictions requiring participating entities to be established, use facilities, or perform activities in the Member States, and where appropriate other eligible countries. The work programme or the documents related to the award procedure may set out further details on the application of these participation and performance restrictions;</p> <p>(b) transfer restrictions requiring recipients of ECF funding, during or within 5 calendar years after the end of an action, to not directly or indirectly transfer all or certain operations, results or related access and use rights, including granting of licences, from an eligible Member State or associated country to an ineligible third country. Otherwise, Union funding may be reduced and may be fully or partially recovered. The work programme or the</p>	Unchanged	<p><i>(a) participation and performance restrictions requiring participating entities to be established, use facilities, or perform activities in the Member States, and where appropriate other eligible countries. The work programme or the documents related to the award procedure may set out further details on the application of these participation and performance restrictions; such participation and performance restrictions shall avoid imposing unnecessary localisation obligations that would distort the Single Market or impede the functioning of European and associated partners' global supply chains.</i></p> <p><i>(b) transfer restrictions requiring recipients of ECF funding, during or within 5 calendar years after the end of an action, to not directly or indirectly transfer all or certain operations, results or related access</i></p>	<p>European companies are deeply embedded in complex, global supply chains. Excessively restrictive participation, sourcing, transfer, or control requirements as foreseen under Art. 10(2)(a-c) ECF risk obstructing the design and implementation of private-sector R&I projects, generating administrative burdens and contradicting EU efforts to simplify programme rules.</p> <p>DIGITALEUROPE recommends that the ECF adopt a merit-based approach, where funding decisions are guided primarily by the quality, excellence and strategic relevance of a project, not its geographical localisation. Any preferences or restrictions should be strictly limited, risk-based and clearly justified. This should avoid exclusion of leading innovators from funding calls, particularly in breakthrough fields such as quantum technologies and advanced therapeutics.</p>



<p>documents related to the award procedure may set out further details on the application of these transfer restrictions;</p> <p>(c) supply and content restrictions requiring recipients of ECF funding to ensure a certain minimum use or sourcing of equipment, supplies and materials, or their components, used for the action from eligible entities referred to in paragraph 2, points (a) and (b), unless those supplies and materials cannot be reasonably sourced from those eligible entities. The work programme or the documents related to the award procedure may set out further details on the application of these supply and content restrictions;</p> <p>...</p>		<p><i>and use rights, including granting of licences, from an eligible Member State or associated country to an ineligible third country. Otherwise, Union funding may be reduced and may be fully or partially recovered. The work programme or the documents related to the award procedure may set out further details on the application of these transfer restrictions; transfer restrictions shall be applied only to clearly defined strategic or security-sensitive assets and shall not apply to routine commercial operations necessary for project implementation.</i></p> <p><i>(c) supply and content restrictions requiring recipients of ECF funding to ensure a certain minimum use or sourcing of equipment, supplies and materials, or their components, used for the action from eligible entities referred to in paragraph 2, points (a) and (b), unless those supplies and materials cannot be reasonably sourced from those eligible entities. The work programme or the documents related to the award procedure may set out further details on the application of these supply and content restrictions; any minimum sourcing requirement shall</i></p>	<p>Targeted requirements could be justified in critical areas (e.g., continuity of service, access to source code, risk-based procurement conditions). These must remain narrowly scoped and proportionate.</p>
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		<i>take into account existing international commitments of the Union and the realities of global supply chains and ensure that companies are not prevented from accessing the best available technologies.</i>	
3...(b) as regards the implemented activities, place of performance, use of facilities, or equipment restrictions limiting the use for all or certain activities to those assets located or originating in the Member States, and where appropriate other eligible countries; ...	Unchanged	3...(b) as regards the implemented activities, place of performance, use of facilities, or equipment restrictions limiting the use for all or certain activities to those assets located or originating in the Member States, and where appropriate other eligible countries;	Art. 10 (3)(b) ECF introduces blanket localisation requirements for activities, facilities and equipment that would be extremely complex to implement and would discourage industry participation, particularly in collaborative R&I under Horizon Europe. Security objectives can be better addressed through targeted, risk-based safeguards without undermining access to specialised infrastructures and global value chains. Overall, any Union preference criteria should be consistent with the EU economic security policy framework (e.g. inbound/outbound investment measures and dual-use technology controls) to avoid inconsistencies and duplication.

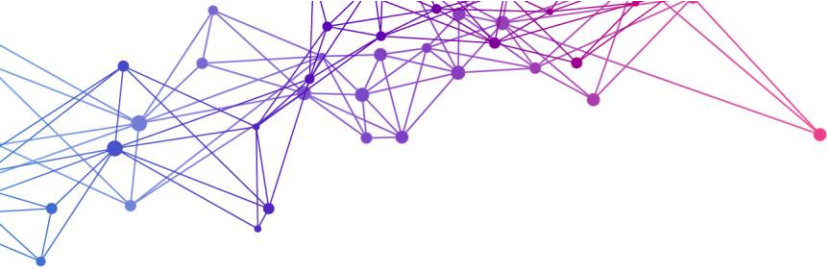


HEU Article 20 ECF rules 1. Article 10(2), 10(3) on EU Preference, Article 13 on Application of the rules on classified information and sensitive information and Article 20 on Accelerated and Targeted Action for Competitiveness of Regulation (EU) XXX [European Competitiveness Fund] shall apply for the purpose of this Regulation, unless otherwise specified.	HEU Article 20 ECF rules <i>1. [Article 10(2), 10(3) on EU Preference], Article 13 on Application of the rules on classified information and sensitive information [and Article 20 on Accelerated and Targeted Action for Competitiveness of Regulation (EU) XXX [European Competitiveness Fund]] shall apply for the purpose of this Regulation, unless otherwise specified in this Regulation.</i>	-	Art. 20 Horizon Europe incorporates Art. 10 ECF. This means that the interplay of EU preference requirements across the ECF and Horizon rulebooks needs to be clarified. If the interpretation or application of the vague EU preference criteria in Art. 20 ECF diverges between ECF and Horizon, this would create new hurdles for innovators to move ideas to market.
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Strengthen governance and industry involvement

A strong governance framework is essential to ensure that the ECF delivers real impact. Industry must play a central role in guiding its strategic direction to ensure that investments reflect real-world needs and support Europe's long-term competitiveness. Europe's leading technology companies and industry associations should have a permanent seat on the Strategic Stakeholders Board to help identify market failures, anticipate technological trends and steer funding toward the areas of highest strategic relevance.

EC proposal for Regulation on ECF/ HEU	Council Revisions	DIGITALEUROPE Amendment	DIGITALEUROPE Comments
ECF Article 14 Governance and Advisory Boards 11.The Commission shall ensure that stakeholders are consulted in the development of the work programmes, with the creation of one or several thematic platforms per window.	Article 14a Thematic platforms 441. The Commission shall ensure that stakeholders are consulted in the development of the work programmes, with the creation of one or several thematic platforms per window.	... <i>11.The Commission shall ensure that stakeholders are consulted in the development of the work programmes, with the creation of one or several thematic platforms per window.For this purpose, the Commission shall establish one or several thematic platforms per funding window, convening on a regular basis, to provide strategic advice on market trends, regulatory challenges, and investment gaps. The composition of the Strategic Stakeholders Board and of the thematic platforms shall ensure a balanced representation of stakeholders with decision-making authority and deep sector expertise,</i>	To ensure the ECF Strategic Stakeholders Board and the thematic platforms deliver meaningful impact, their composition should reflect both decision-making authority and deep sector expertise. This requires representation of senior industry leaders from strategic technology sectors and major R&D investors, alongside SMEs/scaleups, and structured input from recognised industry associations and innovation alliances to ensure balanced sectoral coverage. An open call alone may not consistently secure this level of strategic expertise. Regular, structured dialogue through thematic platforms per funding window will help keep work programmes agile and aligned with



		<i>including major R&D investors, strategic technology leaders, SMEs and scaleups, as well as relevant industry associations and innovation alliances.</i>	real-world innovation needs, market developments and investment gaps.
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