

Driving European Competitiveness Through Innovation: Eureka Network's Call for an Ambitious FP10

The views outlined in this paper are those of the Eureka member countries. Its content does not pre-empt individual country positions in the upcoming negotiations for the next framework programme (FP10) and the multi-annual financial framework (MFF). The European Commission has neither been involved in the writing nor consulted on the content of the paper. This paper therefore reflects solely the views of Eureka countries and not those of the European Commission.

Key messages:

1. EU and national funding need to better align to generate the scale of investment in innovation that will re-start Europe's excellence-based competitiveness engine. Eureka through the Innovative SME Partnership, is a very efficient vehicle for delivering on this objective, as it has a leverage effect of 1:7 for the funds provided by the EU, realized by mobilising national and regional funding and nearly 1 billion euro in private investment over the 7 years of Horizon Europe. This model should be enhanced under FP10.
2. Young, dynamic businesses must maintain a high pace of development to be competitive in the generation of disruptive innovations. The EU needs to provide lean, agile programmes and reduce the administrative burden, both on end beneficiaries and on the partnerships providing support.
3. FP10 needs to enable simple pathways across programmes for dynamic businesses to seamlessly benefit from complementary support schemes on their way to technology and market leadership. Furthermore, it needs to clarify its position in global innovation pathways and value chains if it aims to reassure start-ups and scale-ups ready to go global.

Europe's economic future hinges on how swiftly its businesses can innovate and grow, a reality underscored by the **Letta** and **Draghi** reports. Amidst mounting competitiveness challenges, a fragmented Single Market that limits EU companies' scale, and a persistent "middle technology trap" affecting multiple sectors, Europe's response must be decisive in the next Multi-Annual Financial Framework (MFF) and Framework Programme (FP10). We urge the European Commission to take bold action in FP10, making innovation the foundation of Europe's economy. This means attracting both public and private investment, strengthening the entire innovation lifecycle, streamlining the support ecosystem, and forging strategic global partnerships.

Placing innovation at the core of the European economy

For research and innovation (R&I) to drive economic resilience, Europe must address the fundamental challenges faced by SMEs, particularly start-ups, and scale-ups. These range from limited access to research and data needed for ideation to bureaucratic hurdles in cross-border expansion, from fragmented capital markets to missing incentives for companies to scale inside the EU. The European Commission has taken steps in the right direction, aiming to complete the Single Market, launching the Clean Industrial Deal, announcing the Innovation Act, developing the 28th regime, preparing a Startup and Scaleup Strategy and introducing an SME competitiveness check on EU legislation. However, if SMEs are indeed the engine of Europe's future, stronger support is needed to help them innovate and grow. This support should be delivered at regional and national

levels through accessible, embedded actors, an approach that Eureka has successfully implemented over the last 40 years.

Europe's growth and competitiveness are inextricably linked to frontier technology. While the Commission's commitment to deep-tech start-ups and scale-ups is encouraging, overly rigid, top-down sectoral approaches can constrain innovation, as highlighted in the **Heitor** report. Based on our experience with both open and thematic calls, we see that bottom-up funding mechanisms – such as our Eurostars 3 mid-TRL open calls – support disruptive businesses faster and with greater flexibility. The results speak for themselves: 60% of Eurostars 3-supported companies are start-ups and 25% develop deep tech. On the technology side, 20% focus on cleantech, 17% on advanced materials and 20% on AI. One illustration is Polish start-up Orbify, delivering AI and space-sensing intelligence for sustainable forestry. Rather than taking a strict approach to predefining future sectors, FP10 should balance broad, open calls with targeted opportunities, thus achieving policy objectives while maintaining agility.

With **half of EU businesses operating solely within national borders**, easier access to the Single Market is crucial. The 28th regime is a promising step, but further simplification and flexibility are needed to enable the rise of continent-wide companies that can rival global leaders. Large-scale EU projects remain out of reach for many start-ups and smaller SMEs due to track record requirements. Bridging national support with EU flagship initiatives is critical for scaling innovation. Eureka's Eurostars programme provides a proven model, with over a third of SME participants engaging in international collaboration for the first time. The **Council of the EU has recognised Eureka's effectiveness** in helping European businesses break out of national markets and expand to European and global scales.

Leveraging public funding for greater impact

The **Draghi** report estimates that revitalising European competitiveness will require investments equivalent to 5% of GDP. The European Commission rightly acknowledges that the EU budget alone cannot cover this. However, aligning public EU, national, and regional funding towards shared R&I objectives could generate the necessary scale to then crowd in significant private resources. Eureka has demonstrated this in practice. Through the Partnership on Innovative SMEs, Member States, Associated Countries, and global partners have pooled funding, mobilising 1 billion euro in public investment; in turn, this has attracted another 1 billion euro in private funding, achieving a 1:7 leverage factor for the funding the EU contributes. Since 2008, three consecutive editions of this collaboration have seen steady increases in national investment, proving both strong government commitment and private sector appetite for de-risked R&I investments.

To maximise impact, the upcoming ERA Act, which aims to increase R&I investment to 3% of GDP, should be accompanied by a streamlining of EU funding mechanisms, including Cohesion. Cohesion Fund alignment with R&I objectives, as successfully done by Portugal and Lithuania in the Eureka context, has allowed these countries to outperform their **Innovation Scoreboard** ranking. The **Letta** report's "right to stay" principle under the fifth freedom aligns perfectly with this approach and could have transformative effects particularly in "left behind" regions.

Further efficiencies could be achieved by aligning Eureka beneficiaries, national instruments and EU programmes, through an extended “Seal of Excellence” mechanism. Additionally, bilateral and multilateral policy exchange programmes, such as those under the Committee on Disparities in Eureka’s Innovative SMEs Partnership, would foster mutual learning between advanced and emerging innovators.

Crowding in private investment

As the **Competitiveness Compass** underlines, public funding alone cannot close Europe’s innovation gap; crowding in private capital is essential. Public-private co-funding has proven highly effective, as seen in Eureka’s Innovative SMEs Partnership, which has attracted nearly 1 billion euro in private investment. However, young start-ups in particular require more tailored financial support than mature businesses with stable revenue streams. We call for a nuanced approach to leverage factors, recognising the unique funding needs of dynamic, high-growth SMEs.

Additionally, new models of engaging with large industry actors should be explored. Partnerships between leading manufacturers and agile SMEs could unlock further private investment while accelerating technology diffusion. For instance, Eureka’s corporate programme has facilitated challenge-based collaborations between 15 large companies and SMEs. As a result, multiple SMEs have been acquired or engaged in joint projects, such as Cambridge University spinout PolyChord, now working with global powertrain player AVL on complex battery simulations. Our Clusters programme also enables co-creation and wide dispersion of groundbreaking innovations along technology niches.

Creating a more connected EU ecosystem

FP10 must provide clearer, more streamlined pathways for participants. This applies not only to its internal structure but also to how it connects with other EU initiatives. Clarity and predictability resonate with our SME community, which is why Eureka has established a programme of recurring calls and support activities. To avoid duplication and enhance impact, Eureka aligns closely with the EIC Accelerator, other European Partnerships, the Enterprise Europe Network and the EIT community. This coordination ensures SMEs receive continuous support at different stages of their lifecycle. 54 companies from our Eurostars 3 programme have been funded under the EIC Accelerator. To further enhance this pipeline, we have built a Fast Track that has already sent its first cohort into the Accelerator’s step 2. Furthermore, 10% of our companies are also in the EIT ecosystem, either following their incubation in a KIC with a Eureka grant or moving from a successful Eureka project towards scale-up and private financing in the KICs. Austrian start-up Revo Foods illustrates this well: an EIT Food graduate in 3D printed seafood alternatives, it has secured a Eurostars 3 grant to explore new proteins that could be incorporated into its products. It has since raised millions in public and private funding to deploy its production process at scale.

The European Commission’s active membership in Eureka remains vital, fostering synergies between our programmes and FP10. Our memorandum of understanding with the Commission strengthens collaboration and coordination between national and EU policy priorities.

Leveraging our global network of trusted partners

We welcome Commissioner Zaharieva's commitment to expanding partnerships with like-minded international players in strategic sectors, along supply chains, and in critical technologies. With 40 years of experience, the Eureka Network has expanded beyond Europe, including Brazil, Canada, Chile, Singapore, South Africa, South Korea, with potential new partnerships in countries like India and Japan. Many of these countries are already associated or considering association with the framework programme.

We call on the European Commission to clarify how potential actions to reduce dependency and modulate partnerships internationally will impact SMEs. For start-ups with global scaling ambitions considering their next target market, having clarity on global partnerships is crucial, as we have seen in our Innowide programme for global market exploration. While normally encouraging European start-ups and SMEs to take their innovations to any non-European geography, it has the potential to further cooperation between Eureka and EU global priorities by focusing calls, as demonstrated by our experience with the African innovation ecosystem.

Reducing administrative burdens for greater agility

We strongly support the Competitiveness Compass' goal of reducing SME funding programme bureaucracy by 35%. In line with the Heitor report, we advocate for leaner, faster processes that embrace risk and offer businesses greater flexibility through non-prescriptive calls. We echo its call for the framework programme to engage more closely with industry and non-traditional players. Our experience with the Eureka Clusters – industry-led communities active in critical technology areas – demonstrates the added value of such engagement. However, this engagement requires simpler, more flexible collaboration models, less reporting and faster processes, while maintaining transparency and accountability on the business side.

We also support the Partnership Knowledge Hub's opinion that Partnerships should be better integrated into FP10's planning, ensuring that connections to other parts of the EU ecosystem are made from the design stage. A more integrated approach to Partnerships in FP10, including one framework agreement for its entire duration, would reduce administrative costs, provide stability, and allow for adaptability in response to changing conditions.

By prioritising excellence-based innovation, simplifying access to funding, and fostering global partnerships, FP10 can drive Europe's economic transformation. Eureka stands ready to contribute its expertise and network to make this vision a reality.

About the Eureka Network

Eureka is the world's largest research, development and innovation network, bringing together 47 national governments¹ from Europe and beyond to support international collaborative business-led innovation based on the principle of excellence. Eureka has the advantage of operating close to individual company level through its decentralised structure. Ministries and funding bodies (NFBs) within Eureka countries act as the main contact point for SMEs, working in their national language and currency, through national financing and monitoring schemes that companies may already know.

Our key programmes

Eureka coordinates delivery of the European Partnership on Innovative SMEs, a 7-year initiative co-funded by the EU that helps SMEs innovate, internationalise and boost their competitiveness. Its flagship programme – Eurostars 3 – funds collaborative research, development and innovation projects led by an SME with at least one partner in another country. Through regular open calls we have so far funded over 1,600 SMEs, 60% of which are start-ups. Although bottom-up, our portfolio aligns well with European policy objectives around the digital (representing 52% of our portfolio) and green (37%) transition.

Through the Partnership, SME journeys towards global markets are also supported under the Innowide funding programme for non-European market exploration, which has helped 190 European SMEs – 70% of which are start-ups – find partners and adapt their innovations for the global stage. Additional Partnership schemes such as the Investment Readiness Programme and the Fast Track to the EIC Accelerator build beneficiary pathways towards private financing and scale-up.

Beyond the Partnership, Eureka also runs thematic or geographically targeted calls (Network calls and Globalstars), many involving partner governments in Japan, Taiwan, India etc. These collaborations help build stronger bonds with trusted partners around the world, allowing European SMEs to build on world-leading knowledge and secure their supply chains.

We also connect to established industry players working together on critical technologies through our Eureka Clusters. These communities build a large SME ecosystem around market leaders, allowing for the rapid dissemination of breakthrough technologies even when originating in start-ups.

Our impact

Every year, we invest upwards of 300 million euro in innovations in fields as diverse as AI, biotech, cleantech and agritech, with the private sector at least matching that level of financing. Over the years, this has led to the development of breakthroughs such as implants tackling paralysis, secure chips for credit cards and passports, sustainable energy solutions and even motion picture special effects.

We have supported disruptive start-ups such as German autonomous inspection start-up Energy Robotics or French biotech start-up Deeplife, now building the next generation of system biology. We have then helped

¹Eureka includes all EU Member States, some EU candidate countries (Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Serbia, Türkiye, Ukraine), some Horizon Europe Associated Countries (Canada, Iceland, Israel, Norway, Switzerland, United Kingdom), as well as some non-associated countries (Brazil, Chile, Monaco, San Marino, Singapore, South Africa, South Korea)

them scale up, as for Belgian fabless semiconductor company E-peas or Danish personalised radiology business Cerebriu. And we have even seen some of them grow into unicorns, such as Swedish company BICO, now a global player in bioink for tissue printing, or Swiss medtech firm MindMaze, which built an immersive platform for brain health recovery following neural injuries.

We see ourselves as part of the wider European and global ecosystem, creating scale-up pathways for our businesses in partnership with other key players. For example, we share many companies with the EIC (54 only from Eurostars 3) and the EIT landscape (10% of our portfolio), providing coordinated support to ensure their sustainable growth. In previous years, we have seen 59% of our beneficiaries secure additional public funding to take their innovation further.

To learn more about our portfolio and the numbers included in this paper, see our [methodological annex](#).