



## **REPUBLIC OF CYPRUS**

# **DEPUTY MINISTRY OF RESEARCH, INNOVATION AND DIGITAL POLICY**

### **Preliminary Position Paper**

### **10<sup>th</sup> EU Research and Innovation Framework Programme**

#### **Content**

**- PREAMBLE**

**- INTRODUCTION**

**- KEY POINTS**

- 1. Principles - orientation**
- 2. Structure**
- 3. Instruments**
- 4. Spreading Excellence across EU**
- 5. International Cooperation**
- 6. Implementation**

## PREAMBLE

In preparation for the development of the 10<sup>th</sup> Framework Programme (FP10) for Research and Innovation (R&I), the Deputy Ministry of Research Innovation and Digital Policy (DMRID) of the Republic of Cyprus has conducted a review on the experiences with previous FPs, including the country's performance under Horizon Europe, the progress of its implementation to date, and the identification of areas for potential improvement. The goal is to contribute to the overall effectiveness of the new FP.

Building on a notable performance in Horizon 2020, where Cyprus secured approximately €320 million, and a promising participation in Horizon Europe with €285 million already secured, and an expectation to reach €500 million by 2027, Cyprus is focusing its efforts on strengthening the ecosystem's capacity and its extrovert nature. However, Cyprus acknowledges certain limitations and underperformance in specific instruments such as the European Innovation Council (EIC) and the limited leadership role in Pillar II collaborative projects.

Undoubtedly, Cyprus's participation in the FPs supported the country's evolution into one of Europe's Strong Innovators. In this respect, Cyprus's progress highlights the importance of Widening measures in ensuring that all Member States, regardless of size or innovation maturity, can actively contribute to and benefit from EU R&I initiatives. For smaller ecosystems like Cyprus, targeted support is crucial to address specific challenges and unlock full potential.

## INTRODUCTION

R&I are essential prerequisites for prosperity, job-creation and addressing current and future challenges that matter to citizens and society. The evolving geopolitical landscape has further emphasized the need for R&I, making it even more imperative for the EU to enhance its strategic autonomy through technological sovereignty and sustainable growth.

Achieving global leadership requires an ambitious FP, building on Europe's excellent science and innovation base. **Mario Draghi's report** underscores the need to close the innovation gap with other geographies and highlights several weaknesses of the R&I ecosystem, including low R&D investment levels, the fragmentation of the Union's innovation ecosystem, and the financial system limitations. EU needs to invest more in R&I to compete with the United States and China while meeting the 3% GDP target for R&D. In this context, Cyprus underlines the importance of **increasing FP10 funds** to bolster the EU's competitiveness and innovation capacity.

Beyond the EU's competitiveness targets, the FP10 must **align with the priorities outlined in the European Research Area policy**. Such alignment is essential to drive coordinated R&I, reinforce cross-border scientific collaboration across Europe, strengthen Europe's global R&I position and ensure all resources are used efficiently.

The main added value of the FP lies in achieving what no Member State can accomplish alone. This entails fostering transnational cooperation, promoting mobility, providing large-scale grants for Europe's best consortia and mono-beneficiaries, enabling risk-sharing, strengthening links between research and financial markets, aligning of national and European funding to maximize collective impact and providing strategic directionality. It also requires a simple set of rules and principles, alongside agile support mechanism to address emerging

issues and crisis situations. The FP10 should be based on the successes of previous FPs whereas ineffective elements should be discontinued or adjusted.

## KEY POINTS

### 1. PRINCIPLES - ORIENTATIONS

Whilst increasing funding in areas such as AI, pharmaceuticals, and green technologies to support **industrial competitiveness is essential**, it is equally important to ensure that this does not come at the expense of financing research which supports **less economically centered values and priorities such as climate change, environmental protection, and social well-being**. These stand as defining pillars of the EU and create a fertile ground for innovations across a broad spectrum of domains, beyond merely technological or industrial.

Another important element to consider when designing the new FP, is the need to **strengthen the connections between research and financial markets** to secure large-scale investments, not only from the public but from the private sector as well. In that sense, creating synergies by design between the ERC, the EIC, and other EU funding tools is essential. In the same direction, the new FP should provide greater incentives for **alternative innovation financiers** by further leveraging the European Investment Bank (EIB), the Innovation Fund (IF) and the EIC fund. These institutions and instruments must be empowered to make direct equity investments in strategic EU sectors such as AI, semiconductors and life science/bio-medical.

**Knowledge valorization** is crucial for maximizing the societal and economic impact of R&I in the next FP. By emphasizing the effective exploitation of intellectual property rights (IPR), the program can bridge the gap between scientific discoveries and market-ready solutions, fostering competitiveness and sustainability. Strengthened IPR frameworks will incentivize innovation, attract private investment, and ensure fair value sharing, enabling researchers, businesses, and society to reap the benefits of cutting-edge advancements. One way to strengthen the exploitation of IPR is by introducing dedicated support mechanisms for the commercialization of research outcomes such as grants or equity-based funding to researchers and startups aiming to transform their patented technologies into marketable products. This approach aligns with the EU's commitment to translating knowledge into tangible benefits, driving inclusive growth, and addressing global challenges.

In the same context of knowledge valorization, Cyprus supports the **continuous uptake of Open Science** in the new FP to maximize the impact of research results for innovation and social progress. Strengthening the integration between IP management and Open Science is becoming increasingly important. Thus, Cyprus proposes that open access to research results, balanced with IP protection and strengthened connections to industry and society, should be fundamental principles in shaping FP10. This approach aims to drive innovation and address societal challenges more inclusively and effectively.

The exploitation of **synergies across EU programmes** is important. Lessons learnt from previous FPs, underscore the importance of designing and implementing FP10 to facilitate the **co-funding of R&I initiatives programs with national, regional, and private resources**. In this sense, Cyprus supports the co-design of a system that ensures **synergies** between the Cohesion Policy and FP10 instruments (e.g. partnerships) to accelerate the increase of national R&I investments and serve as a catalyst for interactions between FP10 and national initiatives.

Finally, it is essential to design FP10 with a balanced approach that ensures both **predictability and flexibility** allowing the programme to support upcoming EU initiatives to address future challenges and priorities throughout the programming period.

## 2. STRUCTURE

The structure of the new FP10 must by design prioritize **simplification and adaptability**, ensuring that its programs and instruments are accessible, effective, and considerate of the EU's diverse geographic and R&I landscapes. Additionally, FP10 must account for the varying levels of maturity in R&I ecosystems across Member States, recognizing that some regions may require more tailored support and capacity-building initiatives to fully participate. By integrating flexibility and simplification into its structure, FP10 can promote broader participation and foster a balanced development across Europe.

Horizon Europe was developed as a natural progression from its predecessor Horizon 2020. This allowed to build upon **well-functioning instruments and mechanisms** while introducing new or advancing others, offering different entry points for academia, research and business where needed. The **three-pillar structure** along with the other components of the Specific Program of Horizon Europe addresses a wide range of critical areas, from fundamental science to applied research and innovation and has proven to provide clear composition for applicants.

**Excellence**, currently delivered through Pillar 1, is **key** if European R&I is to continue to deliver significant benefits. A **solid and strengthened funding** for the frontier research through the successful **European Research Council** demonstrated significant advances of knowledge across all fields of science over the years. A foundational element of the ERC has been its independent governance and implementation structure which should be maintained in FP10. It is equally important to **maintain Marie Skłodowska-Curie Actions** instruments that support researcher mobility, including mobility across disciplines and between academia and industry. Overall, Excellence should be strengthened during FP10, as it nourishes future knowledge and drives innovation in various areas, even the ones that are not yet in the sights of policymakers.

**Large-scale European infrastructures** are critical for enabling cutting-edge research and preserving Europe's competitive edge. Better strategic planning is required to ensure that research infrastructures are effectively utilized and aligned with R&I goals. Ensuring broad accessibility for researchers across Europe is pivotal. Additionally, there should be a focus to their ability to adapt to future scientific and technological developments.

**Collaborative research**, currently under Pillar 2, should prioritize the competitiveness of European industry by promoting initiatives that effectively translate research results into practical solutions, addressing societal needs while driving industrial innovation and growth. In addition, the capacity to mobilise multinational consortia in pursuit of solutions to global challenges requires **sustained investment** throughout the years. **Clear thematic priorities** must be set out in the next FP to ensure benefits to citizens, while maintaining flexibility to adapt to emerging issues should also be provided. **Complementarities** within thematic clusters as well as **synergies** with other FP instruments must be evident. Additionally, Cyprus supports Technology Readiness Levels (**TRLs**) for the whole research chain and a **balanced budget for both smaller and larger sized projects**.

The **effectiveness and impact of the current Pillar 3** structure should be a **key consideration** in FP10. This entails the enhancement of the resource's allocation within EIC in a coherent manner that promotes innovation and transfer to market – from the EIC Pathfinder, through

EIC Transition to the EIC Accelerator – and enhance transfer activities from other Pillars. This approach could create a clear path to commercialization and societal impact. Additionally, synergies with other financial instruments should be further explored. The concept of the Regional Innovation Valleys, currently under the European Innovation Ecosystems (EIE) programme, should be further strengthened to enhance regional innovation ecosystems, bridge innovation gaps between regions, and promote interregional collaboration. Finally, to ensure the effective functioning of the EIT, if it continues to be funded through FP10, it will be necessary to better align its activities with the EIE and EIC, enable synergies, and prevent overlaps that could dilute resources.

Overall, Cyprus supports optimizing the balance between research and innovation, bottom up and directional research, for leveraging Europe's full potential for excellence and promoting the EU's interests and strategic autonomy vis a vis our global competitors.

### 3. INSTRUMENTS

In FP10 the enhancement of the role of Missions and Partnerships as tools for portfolio approach is suggested. Regarding **Missions**, it is crucial to address the challenges and complexities of securing funding from sources beyond the FP. This includes navigating the different timeframes and rules of other EU programmes, national budget constraints and the lack of commitment by the private sector.

Regarding **Partnerships** further rationalization is needed concerning the number, types, and topics covered to avoid overlaps with other FP activities. A more targeted and strategic process is needed for selecting the appropriate number of Partnerships, focusing on those with the highest potential impact on EU priorities. By carefully curating partnerships, FP10 can improve efficiency, streamline funding allocation, and reduce administrative burdens on Member States, allowing them to concentrate resources on partnerships that align best with their national priorities and strengths. Additionally, efforts to harmonize FP10 with ERDF funding rules must continue including aligning implementing regulations and timeframes, to enhance coherence among European funding tools. Such alignment will contribute to a more integrated and effective funding ecosystem that supports both European and national goals.

Finally, **instruments for innovation procurement**, already applied in previous FPs, should be further expanded as a strategic tool to drive innovation, by stimulating the demand side for innovative products, services or solutions. This approach aligns with the goals of fostering innovation ecosystems, boosting competitiveness, and addressing global challenges through the strategic use of procurement as a market-shaping force.

### 4. SPREADING EXCELLENCE ACROSS EU

Preserving key components within FP10 dedicated to widening countries, such as the spreading excellence program, alongside **introducing new initiatives and programs that target innovation and the commercialization of research findings**, is important. These new targeted programs are essential for leveling the playing field by addressing structural disparities in R&I ecosystems and enhancing the research capacity of smaller countries to foster collaboration and knowledge exchange across the Union's borders as a cohesive entity.

FP10 should further enhance schemes promoting **connections between universities, research institutes, and innovative companies from widening countries**, such as the Excellence Hubs tool. These initiatives could facilitate the transformation of research results into tangible outcomes that address societal needs and enhance competitiveness. At the same time, they

promote inclusivity and accessibility across Europe, ensuring that all regions can participate and benefit from R&I activities.

Tailoring innovation instruments such as the ERC proof of concept, the EIC transition funding, and the EIC Accelerator to address the specific needs and capacities of widening countries is essential. FP10 must leverage these impactful instruments to ensure that all countries are equipped to contribute meaningfully to Europe's R&I landscape.

Finally, the successful role of **COST** throughout the years as a bridge to other funding opportunities within Horizon Europe should be **continued and streamlined**. In addition, shifting the focus from promoting early-stage cooperation to scaling innovation, will better complement the strategic goals of the next FP.

## 5. INTERNATIONAL COOPERATION

Regarding the international cooperation (INCO) dimension, FP10 needs to remain an **important tool** for facilitating cooperation and partnerships with our international partners who share **common values**, to tackle challenges that require for coordinated global action. When setting concrete INCO targets in the new FP, it is crucial to thoroughly assess the benefits and impacts, balancing the **advancement of critical technologies** against potential **security risks**. Additionally, advancing **regional policy dialogues** and focusing cooperation on specific areas could better align the new FP with the needs of those regions and their citizens.

## 6. IMPLEMENTATION

FP10 should further **simplify application procedures**. Addressing various cross-cutting issues, such as ethics, research security, gender dimension, diversity, open science, interdisciplinary approach, Social Sciences and Humanities integration, data management and security aspects, could make the proposal development a complex and costly process. In this context, reducing complexity and simplifying of legal and financial requirements is pivotal. The **lump sum approach**, with some further measures to increase trust in this concept and provide strong evidence for its administrative effectiveness for the side of the applicants, should be widely adopted in the next FP.

Facilitating and encouraging **newcomers in FP10** represents a strategic investment in Europe's future. By implementing targeted schemes, incorporating relevant evaluation sub criteria, and introducing robust support mechanisms, FP10 can maintain its position at the forefront of global R&I while addressing disparities across the EU. Key measures include dedicated funding schemes, inclusivity-focused evaluation criteria, capacity-building initiatives, simplified administrative processes, and enhanced promotion of networking and partnership opportunities. Newcomers embody untapped potential and fresh perspectives, making their inclusion vital for the program's sustained success and relevance.

Finally, to ensuring the effectiveness and simplicity of instruments, it is equally important to **limit the introduction of new instruments** in the new FP. Continuity and consistency of existing initiatives and instruments proven successful, provide a key pathway towards simplification. Simplified rules and streamlined processes can reduce administrative burden, making it easier for researchers, organizations, and businesses across different regions to engage with the program.

