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ERRIN INPUT TO THE EUROPEAN COMPETITIVENESS FUND

ERRIN (European Regions Research and Innovation Network) welcomes the European Commission's proposal for a European Competitiveness Fund (ECF) as part of the EU's next long-term budget (MFF). ERRIN recognises the ambition to streamline and strengthen EU investment capacity to boost Europe's competitiveness in strategic sectors, bridging the gap between collaborative research, innovation deployment and industrial manufacturing.

ERRIN supports the ECF's objective to close Europe's innovation and productivity gaps and to connect investments across the full innovation chain. However, ERRIN stresses that competitiveness is not only an economic and industrial concept but a societal transformation ambition for and with people. While EU discourse too often adopts a narrow focus on company-level performance, competitiveness should instead be understood as the ability of an economy and society to deliver sustainable well-being for its citizens, while remaining productive, innovative and resilient. The success of the ECF will therefore depend on meaningful involvement of regional and local authorities and innovation ecosystems, ensuring that all territories and actors can fully contribute to and benefit from the new investment framework.

Enhancing Europe's competitiveness extends far beyond promoting excellence and innovation within specific industrial processes, products or high-tech sectors. A region's ability to compete is equally shaped by the availability of skilled personnel, talent, knowledge, financing and an environment conducive to developing innovative solutions.

Local and regional authorities play a pivotal role in convening knowledge partners, including universities of applied sciences and vocational education and training institutions, in close collaboration with innovative SMEs. Increasingly, businesses are drawn to ecosystems where cross-pollination occurs between academia and industry, and where societal challenges are actively addressed through innovation.

ERRIN believes that a broader approach is therefore needed – one that strengthens Europe's innovative and entrepreneurial climate by connecting knowledge institutions, businesses and public authorities around shared societal challenges. Regional and local authorities drive innovation by connecting partners around these missions. However, national programmes often fail to support such collaborative, place-based ecosystems, underlining the need for European funding and policy instruments that enable regional innovation as a key driver of Europe's overall competitiveness.

Key recommendations for the European Competitiveness Fund

- **Recognise regional and local authorities as key drivers for EU competitiveness.** Regional and local authorities should be explicitly recognised as central facilitators of collaboration within innovation ecosystems, bringing together universities, research organisations, SMEs, investors and citizens.

- **Integrate regional and local authorities in the ECF governance structures**, including the Stakeholder Board, Policy Review Dialogues and evaluation exercises, to provide structured feedback on investment needs, innovation and skills gaps and ecosystem diversity.

- **Adopt a broader approach to competitiveness** – one that values regional ecosystems where public authorities, knowledge institutions (including universities of applied sciences and vocational education providers), and businesses co-create solutions to societal challenges and strengthen Europe's capacity for sustainable growth.

- **Ensure operational synergies between the ECF, Horizon Europe, National and Regional Partnership Plans (NRPPs) and the Innovation Fund.** The articulation between the programmes should be clearer and more detailed, both on paper and the way it would work in practice, with clear guidance, shared implementation modalities and evaluation criteria that facilitate a seamless innovation-to-market journey.

- **Sustain the EU Missions through complementary funding streams.** FP10 should support research and innovation, while ECF focuses on deployment and scale-up. This would maximise local impact, allowing regions and cities to lead systemic change in areas such as climate neutrality, adaptation, soil health, ocean and water restoration and cancer.

- **Guarantee access for regions, cities and other regional innovation stakeholders to ECF funding**. This would strengthen collaboration along the innovation chain and better bridge the gap between technology, application and societal impact.

- **Introduce a dedicated funding line for connecting place-based innovation ecosystems across value chains and common challenges**. This would help the ECF systematically deploy ecosystem collaboration as a competitiveness instrument.

Role of innovation ecosystems

ERRIN welcomes the ECF's emphasis on ecosystem-based collaboration, recognising that Europe's competitiveness depends on multi-actor regional ecosystems linking SMEs, start-ups, universities, research organisations, public authorities and investors. However, while the proposal acknowledges the role of "public authorities", regions and cities are not explicitly mentioned as actors within the Fund's governance or implementation.

ERRIN urges the Commission and co-legislators to:

- Explicitly recognise regional and local authorities as well as knowledge institutions as key drivers and enablers of economic transformation, innovation deployment, entrepreneurship, and lifelong talent and skills development on the ground. Regional authorities are also the public authorities responsible for designing and implementing regional innovation strategies and other place-based policies that drive innovation and competitiveness on the ground.
- Integrate regional and urban innovation ecosystems into the Fund's governance structure and advisory processes.
- Ensure that regional and local innovation ecosystems with varying levels of innovation capacity are actively connected to ECF value chains, thereby operationalising the principle of "closing the innovation gap" across all territories.
- Introduce a dedicated funding line for connecting place-based innovation ecosystems across value chains and common challenges – scaling up what has been launched under the European Innovation Ecosystems actions and Regional Innovation Valleys. This would help the ECF systematically deploy ecosystem collaboration as a competitiveness instrument.
- Ensure targeted support for small-scale innovation activities and actors, such as SMEs, start-ups, social innovators and community-based initiatives, recognising their essential role in fostering experimentation and local impact within regional innovation ecosystems.

Articulation with other EU funding programmes

ERRIN welcomes the European Commission's proposal to strengthen synergies between the ECF and other key EU funding programmes under the MFF. This ambition to create a more integrated investment landscape is crucial to ensure a seamless journey from idea to market, connecting research, innovation, deployment and scale-up. However, past experience shows that such synergies often remain declarative rather than operational (e.g. Horizon Europe and Cohesion Policy for the period 2021–2027). To make these linkages effective, the connections between the ECF and Horizon Europe, on one hand, and between the ECF and the National Regional Partnership Plans (NRPPs), on the other, must be made clearer and more detailed, both on paper and in practice. This will require the development of clearer guidance, shared implementation modalities and co-created mechanisms involving the actors responsible for delivering the different programmes at European, national and regional levels.

Synergies between ECF and Horizon Europe

The articulation between the ECF and Horizon Europe will be central to ensuring policy and funding continuity across the innovation chain. The proposal mentions that synergies will be achieved through "a more integrated approach at strategic and operational level", yet details on how this will work in practice are lacking. ERRIN therefore calls for joint strategic planning and co-programming mechanisms between the ECF and Horizon Europe that include regional representatives. This would ensure coherence between research investments and deployment activities and enhance regional engagement in setting priorities.

Furthermore, it is essential that both the ECF and Horizon Europe are open to a diversity of actors, extending beyond the traditional beneficiaries. This should include regional and local authorities, SMEs, universities and universities of applied sciences, research organisations, clusters and other intermediaries. Programming committees should remain focused and manageable, avoiding an overly broad thematic scope, while independent evaluation mechanisms must ensure transparency and quality.

The ECF regulation foresees that "the rules of the relevant Union programme shall apply to the corresponding contribution, or a single set of rules may be applied to all contributions." ERRIN calls for clarification of what this "single set of rules" means in practice, to avoid administrative complexity and ensure that harmonisation truly simplifies participation. In this context, according to the ECF proposal regulation, the Competitiveness Coordination Tool could play a key role in supporting coherence across ECF funding, ensuring alignment with nationally and regionally pre-allocated envelopes and fostering synergies with other EU programmes, including the FP10. Clear guidance on its scope and functioning will be essential to ensure that it effectively strengthens synergies without adding undue complexity.

ERRIN particularly welcomes the inclusion of collaborative research and innovation activities within the ECF, but stresses that these should remain accessible to regional consortia and local innovation ecosystems, not only to large industrial or pan-European projects. This will be crucial to ensure that competitiveness gains are distributed across territories and that Europe's diverse ecosystems contribute to the green and digital transitions.

Finally, ERRIN also recommends that the future of the EU Missions be addressed jointly through Horizon Europe's successor (FP10) and the ECF. While FP10 should continue to support research and innovation activities, the ECF could focus on deployment and scaling of Mission results.

The EU Missions are essential instruments for tackling Europe's most pressing societal challenges, including climate adaptation, climate-neutral cities, ocean and water restoration, soil health and cancer. They translate EU-level ambitions into local action, empowering regions and cities to lead systemic change through innovation, collaboration and citizen engagement. Under the current Framework Programme, the Missions have demonstrated significant value across a broad range of TRLs and strong capacity to engage diverse stakeholders in deploying innovative solutions. For instance, the Mission on Climate-Neutral and Smart Cities has spurred cities such asTurku and Groningen to pioneer multi-stakeholder governance models that engage universities, businesses and residents in implementing Climate City Contracts and decarbonisation projects. Similarly, the Mission on Adaptation to Climate Change has helped regions such as Normandy and South Ostrobothnia integrate climate resilience into their regional strategies and experiment with nature-based solutions and digital twins through projects such as RESIST and Pathways2Resilience. Within the Mission Soil, the mobilisation of regional stakeholders under projects such as HUMUS and SOILL-Startup are demonstrating how Living Labs can co-create and test soil restoration solutions with farmers, land managers and local authorities, advancing from research to practical deployment. The Mission Ocean and Waters is currently mobilising coastal and maritime regions to pilot innovative water transition initiatives through initiatives such as CO-WATERS, BlueActionBanos and its sister projects.

Sustaining the momentum of the EU Missions through complementary funding streams – FP10 for research and innovation, the ECF for deployment and scale-up, as well as NRPPs and national funding – would maximise their long-term impact. This approach would enable the Missions to continue driving systemic transformation at territorial level, positioning regions and cities as key enablers of the green and digital transitions and reinforcing Europe's path toward sustainable competitiveness and climate neutrality.

More detailed recommendations are available in the ERRIN FP10 paper series on EU Missions.

Synergies between ECF and National and Regional Partnership Plans (NRPPs)

ERRIN supports the reference to synergies with NRPPs as an important link between European, national and regional investment frameworks. However, the connection must go beyond administrative alignment. Synergies between the ECF, Horizon Europe and NRPPs should enable practical funding bridges, ensuring that excellent projects not selected under ECF can receive support through NRPPs without duplication or delay, for instance, via a Competitiveness Seal. ERRIN notes that lessons should be learned from Horizon Europe's Seals of Excellence, which often faced challenges in follow-up funding across Member States and regions. A coordinated mechanism for mutual recognition and coordination at European, national and regional levels is needed to ensure that projects awarded the Competitiveness Seal can access appropriate and timely support. At the same time, clarity is needed on which programmes, national instruments or investors would be willing and able to finance projects benefiting from the Seal, to ensure that it translates into real, actionable funding opportunities rather than a symbolic recognition.

To make these synergies operational, the Commission should co-develop shared evaluation criteria and guidance with the relevant national and regional authorities. This would strengthen complementarity and avoid fragmentation in Europe's innovation investment landscape.

Synergies with the Innovation Fund and role of LIFE

ERRIN supports the ECF's commitment to coherence with the Innovation Fund but underlines that this fund has mainly been designed for and benefitted industrial players, creating barriers for regional and local authorities and smaller actors. A future competitiveness framework should avoid reproducing such industrial bias. Europe's competitiveness depends equally on social, environmental and

territorial innovation and must therefore not be separated from societal well-being, inclusion and sustainability.

In this context, ERRIN also notes that parts of the LIFE Programme – a long-standing instrument supporting environmental and climate innovation – are expected to be included under the ECF structure. It is crucial that LIFE retains a dedicated budget line and clear visibility within the Fund, ensuring continued access for public authorities and smaller actors. Given that roughly one-third of LIFE projects are implemented by public organisations, maintaining its accessibility and integrity will be key to fostering place-based innovation for the green transition across Europe's regions and cities.

Governance of the ECF

ERRIN appreciates the proposed creation of the ECF Stakeholder Board and the thematic advisory boards to structure stakeholder consultation. However, the current design excludes explicit representation of regional and local authorities. Given that regional authorities are both investors and implementers, this is a critical weakness. The ECF governance must move beyond a purely vertical model (EU/national institutions-industry-research) towards a multi-level governance model that reflects how innovation and competitiveness materialise in Europe.

ERRIN recommends:

- Including representatives from regional and local authorities in the ECF Stakeholder Board to provide structured territorial feedback on investment needs, innovation and skills gaps.
- Including regional representatives in Policy Review Dialogues and evaluation exercises to assess territorial impact.
- Ensuring geographical balance and ecosystem diversity in stakeholder selection, including representatives of regional innovation agencies, clusters, etc.
- Ensuring an evaluation and monitoring framework with indicators on territorial coverage, regional participation and innovation gap reduction.

Regional participation is not only a matter of representation; it is a prerequisite for ensuring both impact and effectiveness. Regional authorities manage complementary instruments (e.g. regional funds and future NRPPs), hold critical data on industrial capacity and labour markets and are responsible for policy areas (e.g. economic development, education, health, infrastructure) directly linked to competitiveness.

Access to ECF funding and financial toolbox

ERRIN welcomes the introduction of a comprehensive financial toolbox, including grants, loans, equity, guarantees and blending options under the four Policy Windows and the ECF InvestEU Instrument. This diversification is essential to mobilise private capital and support scale-up investment across sectors.

However, the list of potential beneficiaries does not explicitly include regional and local authorities. ERRIN stresses that these actors are public investors and ecosystem orchestrators, whose participation can increase financial leverage and stimulate private investment. De-risking is particularly critical for regions and cities because they often operate in emerging sectors or technologies where market returns are uncertain. Union-level risk sharing is essential to unlock these investments and ensure territorial balance in competitiveness outcomes.

ERRIN calls for:

- Explicit eligibility of local and regional public authorities and their agencies (e.g. regional development agencies)
- Access to the budgetary guarantee and de-risking mechanisms for regional public-private projects, including local infrastructure and demonstration facilities
- Tailored Project Advisory services should support regions and ecosystems in developing bankable projects and navigating complex instruments. They should build on existing EU advisory services, ensuring that the distinct and varying objectives of each are preserved and not diluted.
- Coordination with the European Investment Bank and InvestEU hubs to deliver advisory services in partnership with regional authorities, not solely through centralised channels.
- Explicit inclusion of place-based services within the future EU for Business Network. As established in the proposal regulation, the new EU for Business Network will support Union businesses in becoming more competitive, innovative, growing and scaling in the Single Market and beyond, with particular emphasis on SMEs, startups, scale-ups and small mid-cap companies. The network should ensure Union-wide, geographically balanced coverage, taking into account the specificities of all types of territories, while addressing the diverse support needs of different types of actors.

Skills development

ERRIN welcomes the mention in the proposal on skills and quality jobs as horizontal enablers of competitiveness. The reference to alignment with regional and sectoral transition strategies is highly relevant.

ERRIN believes that regional ecosystems are one of the most effective levels for designing and delivering skills interventions linked to innovation and industrial transformation. Several ERRIN members already coordinate regional skills strategies and university-business collaborations.

As competitiveness depends on talent and talent thrives in attractive regional innovation ecosystems, ERRIN recommends that the ECF dedicate specific funding lines for skills and lifelong talent development within regional ecosystems. Such funding should be closely linked to and aligned with existing EU initiatives and policies on skills development, such as Union of Skills and Net-Zero Industry Act (NZIA) Academies, to ensure complementarity, avoid duplication and maximise the impact of innovation-driven regional talent development.

ERRIN (European Regions Research and Innovation Network) is a Brussels-based platform that gathers over 120 regional organisations in 26 European countries. ERRIN aims to strengthen the regional and local dimension in EU Research and Innovation policy and programmes. ERRIN supports members to enhance their regional and local research and innovation capacities and further develop their research and innovation ecosystems.

This document is based on findings, dedicated exchanges and co-creative bottom-up work on the topic with ERRIN members under ERRIN's Strategic Cluster. As the above recommendations are based on various experiences from place-based stakeholders and diverse views represented by ERRIN, all proposals might not be endorsed by all network members.

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