

Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V.

Response to the Call for Evidence: Single Basic Act

Fraunhofer, one of Europe's largest applied research organizations and an active participant in multiple Joint Undertakings (JUs) under Horizon Europe, welcomes the Commission's initiative to reform the JU legal framework through a renewed Single Basic Act (SBA). This statement draws on operational experience across institutionalized partnerships and sets out recommendations for a more strategic, impactful and accessible JU framework in the next Multiannual Financial Framework (MFF) (2028–2034). While JUs are a valuable instrument in the EU R&I landscape, the current framework has structural deficiencies that should be addressed.

Three issues are critical from the perspective of a Research Technology Organization (RTO): governance and incentive structures, accessibility and representation of RTOs, and the balance between industrial deployment objectives and a strong research and technology base.

The primary objective of the renewed SBA should be to strengthen Europe's capacity to translate scientific excellence into industrial leadership and resilient value chains in strategic technologies.

1. Strategic Alignment: Anchoring JUs in Europe's Technological Strengths

R&I agendas must not be driven by political steering alone or by attempts to catch up with global competitors. The logic should be: R&I defines ambition, policy provides focus, industry drives scale. The SBA needs to reflect this, not entrench legacy JU structures without necessary reform. JU mandates should be aligned with the FP10/ ECF policy windows (clean transition; resilience and security; digital leadership; health, biotech and bioeconomy), grounded in a clear intervention logic. High-level, evidence-based objectives should be set at the start of the MFF and remain stable across the full 2028–2034 period, providing long-term investment predictability. Breaking down institutional silos is equally essential: transparent, vertically and horizontally integrated cooperation between DGs, JU governance bodies and executive agencies should be structurally mandated.

The Commission and Member States should confine themselves to strategic guidance and the predictability of funding mechanisms, not micromanagement. Program management should remain expert-driven and operationally independent. Tripartite collaboration models can offer strategic benefits, but should only be introduced where governance responsibilities, resource commitments, and decision-making procedures are clearly defined and operationally tested.

Industry contributions often carry greater weight in the established agenda-setting, founding-member roles and governance structures, leaving RTOs with limited influence despite their expertise, infrastructure and resources, and JUs being anchored in the Horizon Europe framework. The SBA should address correct this through:

- Rebalanced representation, giving RTOs structured, early involvement in strategic programming, work program preparation and priority-setting.
- Stakeholder Advisory Boards with strategic input roles (without decision-making authority) to ensure industry and research voices inform JUs on equal footing.
- Genuine openness to associated countries, SMEs, start-ups and scale-ups, with transparent information on strategic priorities enabling all actors to assess the benefits of engagement from the outset.

2. Supporting Technology Development – Covering the Full Innovation Journey

Each JU must cover the full innovation journey, from pre-competitive research to pilot, demonstration and deployment, without structural breaks between FP10 and ECF instruments, but with a mechanism for priority-setting from one phase to the next. Europe's competitiveness challenge is increasingly not the generation of knowledge but the industrial scaling of technology, as outlined in the Draghi and Letta reports. Decisive steps center on:

- Full TRL continuity from TRL3 through TRL8, with ECF instruments for deployment.
- Tiered, milestone-based funding with cascade mechanisms and defined criteria to pivot, scale or terminate projects based on performance.
- Integrated infrastructure support, including ECF investment in pilot lines, testbeds and demonstrators with open, industry-relevant access under EU standards.
- Joint ECF and FP10 work programs under Strategic Research, Innovation and Deployment Agendas (SRIDAs), adopted at the start of 2028 for the full program period.

The SBA should formalize the JU–ECF link operationally, not merely in legislative text. However, this linkage should not skew priorities toward short-term industrial investment needs. Higher TRL coverage is necessary, but it should be structured in a way that RTOs can contribute more effectively across the full innovation chain.

3. Private Co-Funding and Financing Mechanisms

Fraunhofer opposes mandatory financial contribution requirements on R&I actors. Such requirements are legally not feasible for many RTOs and risk excluding essential participants from the EU R&I ecosystem. Financial obligations for industry must also be assessed for feasibility and proportionality in advance. Critically, RTOs already invest substantial own resources¹ in JU projects, this needs to be explicitly recognized in governance and benefit-sharing arrangements. The SBA should address financing concretely, not defer it to secondary legislation or ad-hoc guidance. Practical financing recommendations:

- Maintain 100% direct costs + 25% overhead for RTOs across all JU activities to ensure inclusive participation. Full direct cost coverage for non-profit RTOs safeguards participation of Europe's key translational research actors and prevents concentration of JU participation among a limited number of financially strong organizations.
- Design tiered membership fees by actor type to enable equitable financial participation.
- Co-develop financing mechanisms with industry and the research community to guarantee feasibility and prevent exclusion of key ecosystem actors.
- Recognize in-kind contributions, scientific expertise and infrastructure in co-funding calculations, which reflects actual RTO contributions and reduces financial barriers.

¹ JU Chips Projects illustrates this problem clearly: under the current framework, EU funding covers 35% of eligible costs (including 25% overhead). For non-profit institutions, this level of support demonstrably leaves a substantial share of costs uncovered, making meaningful participation financially unsustainable.

Further, there are three structural gaps in the current In-kind Additional Activities (IKAA) framework:

- Ineligible administrative costs: Planning, reporting and auditing demand substantial resources not eligible for funding, forcing beneficiaries to absorb the full financial burden.
- Lack of harmonization across JUs: Audit procedures and scope, reporting requirements, submission deadlines vary, creating unnecessary complexity for multi-JU participants.
- Process instability within JUs: Mid-period changes generate additional costs and operational uncertainty.

The SBA should mandate fundamental IKAA reform: full harmonization across JUs, elimination of redundant reporting, eligibility of associated administrative costs, and a review of whether the instrument delivers on its stated co-financing rationale.

4. Cross-JU Coordination and Portfolio Management

The absence of a portfolio management approach is one of the most significant structural weaknesses of the current JU framework. Synergies should be operationalized and measurable. The SBA should mandate:

- Dedicated program managers with domain expertise leading portfolio management and authority for rapid, peer-reviewed decision-making within each JU, prioritizing measurable impact over institutional legacy.
- Cross-JU coordination and cooperation mechanisms to capture synergies between thematically adjacent JUs and within the broader FP10/ ECF architecture.
- Structural open-topic components in work programs to surface bottom-up opportunities not reflected in industrial roadmaps but critical for Europe's competitiveness.
- Transparent reporting to the Commission and Member States on funding decisions, portfolio adjustments and breakthroughs, enabling timely regulatory responses.
- Common impact indicators, agreed at the start of the MFF, consistently reported and applied to decisions on JU continuation or phase-out.

Fraunhofer supports streamlining the JU landscape through consolidation or discontinuation of activities, where genuine synergies or overlapping thematic areas exist. However, consolidation must be evidence-based and transparent. Mergers should not dilute sector-specific expertise, established research communities or technology roadmaps. RTOs must remain meaningfully involved in agenda-setting throughout any consolidation process. Portfolio management should prioritize measurable impact, innovation and market uptake, not institutional legacy.

5. Simplification of JUs

Simplification has been a stated priority throughout Horizon Europe, but costs have been repeatedly externalized to participants. The SBA needs to implement proportionate administrative requirements and participation models that make the added value of engagement visible for all actor types:

- Access to all JU funding processes, from proposal submission to eligibility, execution and reporting, via a single-entry point (e.g., the F&T Portal).
- Harmonized rules, standardized contract templates, common definitions, reporting formats and timelines.

- Single funding authority as point of contact for communication and compliance.
- Reduced time-to-grant through delegated operational decisions by program managers and standardized, portfolio-based procedures.

Lump-sum models have not delivered the intended simplification in complex JU projects. Three structural problems persist:

- The "all or nothing" disbursement rule creates disproportionate risk: one underperforming partner can jeopardize payments for the entire consortium.
- Unclear guidance forces beneficiaries to maintain parallel hourly and lump-sum reporting.
- Project coordinators continue to bear significant administrative strain with no simplification benefit.

The SBA should allow partial payments, provide clear harmonized guidance on activity verification, and maintain personnel cost calculation based on actual hours worked using transparent, auditable accounting systems.

6. Legal Certainty, IP and Regulatory Framework

The SBA must provide legal certainty for JU participants on intellectual property (IP), background knowledge and access rights. Fraunhofer urges the Commission to:

- Maintain the "needed" principle for background knowledge, ensuring that only knowledge essential for project execution or exploitation is subject to access rights.
- Align JU IP rules with FP10 and ECF to avoid legal friction.
- Empower beneficiaries to independently exploit results, rather than imposing EU ownership or control provisions that undermine participation incentives, aligning provisions with established R&I practice.

The SBA should provide for regulatory sandboxes integrated into JU projects, enabling testing, demonstration and deployment. Legislation should follow R&I development, not precede it.

Conclusion

The SBA reform is a strategic choice about what kind of R&I ecosystem Europe wants to incentivize. The current JU framework has delivered real value, but its structural weaknesses are well-documented and no longer deniable: governance that underrepresents RTOs, financing models that do not reflect the full range of stakeholder contributions, and simplification that has yet to translate into practice. Incremental fixes will not be sufficient. What Europe needs is a framework that treats RTOs as genuine partners and that connects scientific excellence and technological development to industrial scale without sacrificing either. JUs are uniquely positioned to do this. But only if the SBA gives them the governance, tools and long-term stability to do so.

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ANNEX: Concrete Information on Individual Partnerships

Clean Aviation

Clean Aviation and its predecessors (Clean Sky 1 and 2) have been valuable platforms for bringing European aviation industry and research together. However, there are structural issues that must be addressed.

The most critical concern is the steady shift of funding toward industry. A guaranteed minimum of only 15% of consortium budgets for research entities is insufficient for a program meant to drive scientific progress and represents a significant regression from Clean Sky 1 and 2. This is compounded by the inclusion of topics not directly tied to the core goal of developing the next generation of decarbonized aircraft. The Fundamental and Transitional Activities (FTAs) were introduced as a dedicated research track but have not mended the imbalance: FTA budgets remain small relative to individual industry-led topics, and weak industry linkages leave research institutions largely isolated within this strand. Uneven geographic funding distribution further undermines the program's pan-European value. On the positive side, project officers have been constructive in supporting partners through administrative requirements. A clear missed opportunity, however, is the limited interaction between Clean Aviation and Clean Hydrogen, despite both JUs sharing the same building. Given hydrogen's centrality to aviation decarbonization, stronger coordination is both obvious and necessary.

Clean Aviation's collaborative framework is genuinely valuable, but delivering on its strategic goals requires restoring a stronger research role, addressing geographic funding imbalances, strengthening the FTA instrument, and building real synergies with other JUs.

Future Automotive JU

The ongoing partnerships 2ZERO and CCAM are highly effective instruments for strengthening Europe's technological and industrial leadership across the zero-emission road transport and cooperative, connected and automated mobility value chains. Both partnerships deliver concrete advances that directly support European strategic autonomy. 2ZERO illustrates this impact clearly: its strong focus on digitalization is already yielding 5 to 30% reductions in development time and effort, reinforcing Europe's ability to industrialize innovations faster and at lower cost. Together, 2ZERO and CCAM are demonstrably closing the innovation gap by bringing solutions from lab to market at scale. Both also make an outstanding contribution to skills development, employment and knowledge diffusion, which is central to Europe's long-term competitiveness.

This emphasis on real world demonstration, co-creation with industry and scale-oriented tools is a key success factor in overcoming the valley of death and opening new markets for vehicles, components, software and services. These efforts must be continued and consolidated within a dedicated Automotive JU focused on the competitiveness, technological leadership and resource sovereignty of the European automotive industry. By bringing together all relevant stakeholders under a single structure, such a JU can lay the foundation for a future proof European automotive industry, securing global competitiveness, accelerating innovation and time to market, enabling the scalability of new technologies, and driving digitalization of materials and processes across the entire value chain.