

Ms Margrethe Vestager
Executive Vice President, European Commission
Rue de la Loi/Wetstraat 200
1049 Brussels
BELGIUM

18th June 2020

RE: Invest in Green Research & Innovation to enable a speedy and sustainable recovery

Dear Executive Vice President Vestager:

We, the undersigned, welcome the European Commission's recent proposal to fund a green and just recovery, as [described on 28th May](#). If the EU is ready to borrow €750bn and engage the €1.1tn MFF for a green recovery then it needs to ensure investments - public and private - will indeed go in that direction. If not, discrepancies between member states and incoherence with EU policy priorities, like Green Deal, will deliver a shallow and fragile recovery, potentially locking in stranded assets for future generations.

Research & Innovation (R&I) is a key driver for economic development and resilience. Ensuring that sufficient investments are made in [green R&I is one of the strongest ways](#) for the European Commission to ensure that the recovery is effective and sustainable. This is why we draw your attention to the following specific R&I-related EU policy actions to strengthen and accelerate the economic recovery:

- **Ensure the European Green Deal and National Energy and Climate Plans, guide Member States' Recovery and Resilience Plans:** Member States should be encouraged to fast-track R&I investments in job-creating green sectors and readily available, scalable technologies like building energy efficiency, e-mobility, and renewable energy, that can deliver EU climate neutrality by 2050. Specific actions include: ensuring that the contribution to the green transition is a *conditio sine qua non* in the assessment of draft resilience and recovery plans, fully aligning the upcoming Communication on the Future of Research and Innovation with the EU Industrial Strategy and quick implementation of the SME Strategy, starting with SME-friendly procurement practices and **Green Public Procurement**.
- **Lever the EIB's Energy Lending Policy and the 'Do no harm' principle.** We believe an amendment is necessary to [art 16.3 of the Recovery and Resilience Facility regulation](#) to include explicit wording on coherence with Europe's climate neutrality 2050 goal, EIB Energy Lending Policy and include an "exclusion list" by cross referencing [Annex V of the InvestEU regulation](#) and exclude all fossil fuel related investments. The 'Do no harm' principle should apply to all public funding under the MFF+, InvestEU, EU recovery fund and state aid.
- **Reinforce the EU budget's ability to boost the bloc's research and innovation ecosystem:** In the revised Multiannual Financial Framework (2021-2027) we note **Horizon Europe's** top-up to **€94.4 billion and maintained climate mainstream share of 35%**. In the upcoming negotiations, we ask for your support in favour of an increase of Horizon Europe's budget to reach the €120 billion level proposed by the European Parliament, as this will fuel Europe's twin digital and green transformations and strengthen Europe's leadership in developing the intellectual capital for the next generation. In addition, regular access to patient capital for innovative SMEs contributing to the green transition must be ensured through quick **European**

Innovation Council Accelerator replication of its 2020 Green Deal call (some €300 million in grants and equity) on an annual basis.

- **Green Recovery Bond issuance:** We see the MFF 25% allocation for climate action as the very minimum bedrock for a green transition and economic recovery. If you wish to ensure that the recovery money is spent in line with your Green Deal ambition EU monies can be “greened at source” through the direct issuance by European Commission of [green bonds](#) through an amendment to the [Regulation on European Recovery Instrument](#) to this effect. Use of proceeds can be aligned with the EU taxonomy and this can showcase the EU Green Bond Standard when this becomes available.
- **Reinforce Smart Specialisation Platforms with Climate R&I in CEE region:** Reinforced **technical and project development assistance to deploy clean energy technologies** are critical uses of the EU grants provided through recovery and resilience plans. This will lay the foundation for ongoing, cross-sector collaborations that will restore economic and public health, and serve as an engine for greater EU cohesion by improving and connecting people’s lives. The reinforcement of Smart Specialisation Platforms for clean energy and green transition solutions in Central-Eastern Europe would bolster coherence and convergence. The European Commission can further encourage countries to use Just Transition funds to prioritize coal and carbon intensive regions and promote research and innovation there, and in policies and projects in their Just Transition Plans.

This crisis shows the urgency to invest in R&I to face today’s challenges and to sustain the recovery in the coming years. One of the most effective ways to do this is to prioritize R&I in a Green and Just Recovery. This builds on the Green Deal’s powerful vision, and is an effective and agile tool for our economic recovery and will reinforce Europe’s leadership to climate neutrality by 2050.

We would be pleased to discuss any of these issues with you at your convenience either by email, video conference or during a meeting. Should you have any questions, at any time, please do not hesitate to contact us.

Kind regards,

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