

**DECISION authorising the use of financing not linked to costs for the Women TechEU actions under the Horizon Europe Programme (2021-2027)**

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013<sup>1</sup>, and in particular Articles 4 and 21 thereof,

Having regard to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union<sup>2</sup>, and in particular Articles 125 and 181 thereof,

Whereas:

- (1) Simplification as a central aim of the Horizon Europe Framework Programme needs to be reflected in its design, rules, financial management and implementation,
- (2) Women TechEU actions under the Horizon Europe Framework Programme are designed to support women-led deep tech European start-ups with capital, connections and coaching, to promote women in leadership roles and close the tech gender gap,
- (3) Simpler funding rules reduce the administrative costs for participation and contribute to the prevention and reduction of financial errors. In this respect, the use of financing not linked to costs simplifies the calculation of grant amounts, significantly decrease the workload of both the beneficiaries and the granting authority and accelerates payment procedures,
- (4) The payment of a grant amount based on financing not linked to costs will also incentivise applicants to apply for the grant and therefore contribute to meeting the objective of increasing the number of innovative and women-led startups.
- (5) The use of financing not linked to costs should therefore be authorised for the Women TechEU actions under the Horizon Europe Programme - the Framework Programme for Research and Innovation (2021-2027).

THE FOLLOWING HAS BEEN DECIDED:

*Sole Article*

The use of the Union contribution in the form of financing not linked to costs is authorised for the Women TechEU actions under the Horizon Europe Programme – the Framework Programme for Research and Innovation (2021-2027), for the reasons and under the conditions set out in the Annex.

Done at Brussels,

*Jean.Eric PAQUET*  
*Director-General of DG R&I*

---

<sup>1</sup> OJ L 170, 12.5.2021, p. 1.

<sup>2</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p.1).

## Annex

### 1. Form of Union contribution

The use of the Union contribution in the form of financing not linked to costs is authorised for the Women TechEU actions under the Horizon Europe Programme – the Framework Programme for Research and Innovation (2021-2027), under the following conditions:

The amount of financing not linked to costs for each grant is fixed at EUR 75 000.

Participation is limited to early-stage deep tech start-ups founded, or co-founded by women, holding a top management position (CEO, CTO or equivalent) in the company at the time of submission. The applying legal entity must be registered and established in an EU Member State or a Horizon Europe Associated Country for at least six months at the time of the submission.

The conditions to be achieved for the payment of the amount of EUR 75 000 is the submission of a final report detailing the implementation of business development-related activities as set out, evaluated and accepted in the beneficiary's description of the action and detailed in the grant agreement

### 2. Justification

Simplification as a central aim of the Horizon Europe Framework Programme needs to be reflected in its design, rules, financial management and implementation.

Financing not linked to costs, when compared to reimbursement of actual costs, provides considerable simplification potential. It removes all obligations on cost reporting and financial audits, thus removing a major part of the administrative burden on beneficiaries and enabling efficiency gains in the implementation of an action. At the same time, financing not linked to costs strongly increases the focus on the quality of the scientific-technical performance.

Financing not linked to costs is not meant to reimburse a fixed percentage of eligible costs but, in the context of Women TechEU actions, to incentivise and promote female entrepreneurship.

#### 2.1. Nature of the supported actions

Only 15% of innovative start-ups are founded or co-founded by women, and a mere 6% have all-women founding teams. These women-led businesses are also less likely to raise venture capital than male-only businesses, they attract less early-stage equity investment and the amounts that they raise tend to be lower. Data shows that in Europe only around 5% of venture capital goes to mixed teams and only 2% to all-female teams.

Women TechEU is Europe's answer to this innovation gender gap. It supports early-stage deep tech European start-ups led by women and its objective is to achieve a more gender-balanced innovation ecosystem by supporting women-led start-ups in its riskiest stage. The initiative complements the activities funded under the European Innovation Council (EIC), paving the way for the participation of the start-ups in future EIC calls.

Women TechEU targets highly innovative start-ups founded, or co-founded by women, holding a top management position (CEO, CTO or equivalent) in the company at the time of

submission. The company must be registered and established in an EU Member State or a Horizon Europe Associated Country for at least six months at the time of the submission.

All deep tech domains are eligible, with the emphasis being on overall gender balance and the position held by women in the start-up.

As the Women TechEU action targets young companies, at the early stages of growth, the financing not linked to costs grant of EUR 75 000 is expected to incentivise female entrepreneurship by supporting the initial steps in the innovation process, and the growth of the company.

The payment of the grant will be made conditional on the submission of a final report detailing the implementation of one or more activities including business model upgrade, update and consolidation of business plan and growth strategy, business model validation, update of financial plan, certifications, IP strategy and freedom to operate, commercial plan, market analysis, customer validation, technical/clinical assessment and feasibility study. Final reports will be verified and approved by the responsible Project Officer. The final payment will be triggered if these activities are considered to be met and accomplished. In case the Project Officer considers that the activities described in the application were not achieved, the final report will be rejected and the final payment not triggered.

Since the activities that will be implemented by each beneficiary can be different depending on the particular situation, it is neither appropriate nor possible to define in advance the exact costs to be covered. Instead, the applicants are free to indicate which activities they see as the most appropriate for the development and sustainability of their female-led company, taking into account their particular needs and requirements. The Union contribution will be paid if the beneficiary demonstrates in its final report that it has implemented those activities as foreseen. In that regard, the use of the union contribution in the form of financing not linked to costs is considered the most appropriate.

## 2.2. Risks of irregularities and fraud and costs of control

The risk of fraud and cost of controls of the triggering event for the financing not linked to costs are minimal, since the proper implementation of the action is easy to verify. In addition, through the award process independent experts assess the planned activities .

Conversely, the costs of control of the actual eligible costs of the planned activities would be high (many personnel-intensive tasks are involved). Indeed, controlling the actual eligible costs would not be cost-effective in view of the rather low amount of the grant (EUR 75 000), which constitutes a rather low financial risk.

The granting authority will verify at the time of preparation of the grant, during the implementation of the action or afterwards (through project monitoring, technical checks, reviews or audits), compliance with the conditions for using financing not linked to costs. Furthermore, the activities covered by the financing not linked to costs amount are clearly identifiable and standard project monitoring activities will allow the granting authority to detect improper implementation at an early stage. It will therefore be able to take corrective measures at an early stage and/or to withhold payment of the financing not linked to costs where necessary.

As a direct consequence of removing all obligations on cost reporting and financial ex-post audits, financial error rates will be minimised.

There will be no reporting of actual costs, and there will normally be no financial checks, reviews or audits. Beneficiaries will have no obligation vis-à-vis the granting authority to document costs incurred for the action but they remain subject to the accounting rules under the applicable national laws.

Checks, reviews, and audits will focus on the technical implementation of the action, in particular on the fulfilment of the conditions for releasing financing not linked to costs stated above, or on other aspects of the grant agreement such as ethics and research integrity, dissemination and exploitation of results, management of intellectual property and gender equality.

If such controls reveal that the conditions for payment of the financing not linked to costs have not been met (e.g. (part of) the action has not been completed) and that an undue payment was made to a beneficiary, the granting authority shall be entitled to recover up to the amount of the grant.

### **3. Sound financial management**

The methodology described in Section 3 complies with the principles of sound financial management as required by the Financial Regulation.

Sound financial management is ensured because the financing not linked to costs amount is appropriate with regard to achieving the objective of incentivising female entrepreneurship by supporting the initial steps in the innovation proces, and the growth of the company.

The amount of the grant has also been benchmarked against previous action under Horizon 2020 with similar objectives – the Horizon 2020 SME Instrument Phase 1 actions, which reimbursed on the basis of a lump sum with eligible costs of EUR 71 429 (in 2013 prices).

The amount has been also compared against grants awarded under similar public and private support schemes for innovative women-led SMEs:

- The Cartier Women’s Initiative Regional Awards programme, which like the Women TechEU actions supports women entrepreneurs heading businesses with the potential to grow significantly, provides a similar combination of coaching, mentorship and networking, in addition to grants of EUR 80 000.
- The UK Small Business Research Initiative (SBRI) Sustainable Innovation Fund Phase 1, which funds organisations to develop and demonstrate new products or services, up to the amount of EUR 70 000.
- The US Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs, which award starting grants ranging from EUR 40 000 to EUR 100 000 to establish the technical merit, feasibility, and commercial potential of the proposed R/R&D efforts and to determine the quality of performance of the small business awardee organisation.

This analysis confirms that the financing not linked to costs amount of EUR 75 000 can be considered appropriate and respects sound financial management, while keeping its incentive effect for supporting women entrepreneurship, since it falls within the range of similar funding schemes.