

THE EUROPEAN INNOVATION COUNCIL (EIC)

Supporting:

- A European Green Deal
- An economy that works for people
- A Europe fit for the digital age

Europe needs to capitalise on its science, innovative SMEs and start-ups to compete in global markets increasingly defined by new technologies. That is why the European Commission has introduced a European Innovation Council (EIC) to support high-risk, high-impact ideas, turning science into new business and accelerating the scale-up of 'game-changing' innovators shaping the future. Currently in its pilot phase, the European Innovation Council will be fully implemented from 2021 under Horizon Europe. It will support our global competitiveness by helping our best innovators develop and scale their groundbreaking ideas.

Key figures: Why do we need an EIC?

- The EU has consolidated its global position in basic science, including in fields critical to the future economy. However, Europe is significantly falling behind its global competitors in terms of transferring research excellence into innovative products and services.
- The EU is among world leaders in research into artificial intelligence, but lags far behind other regions in bringing it to market. The EU is home to only 8% of €1 billion start-ups ('unicorns'), far below the US (home to almost 50% of the world's unicorns) and Asia.
- Europe's investment in private sector R&D is less than one fifth of the global total and the share is shrinking due to the rise of other economies.
- Business R&D intensity was 1.3% in 2016 in comparison to almost 2% in the United States or almost 3.5% in South Korea. European start-ups often move to the US to tap into the resources there: e.g. 14 times more later-stage capital than in Europe.
- Europe's venture capital market remains underdeveloped by comparison at all stages: inception, development and scale-up, seed-capital, start-up and later-stage development funding.

The goal of the European Innovation Council is to put Europe on top of the next wave of breakthrough and disruptive innovation that creates new markets, in particular by combining physical and digital products and services based on new technologies business models. It aims to make Europe an internationally attractive place to develop, invest and scale up highly innovative technologies and companies.

The EIC's role will be to fill the financing gap for innovative start-ups and SMEs, in full alignment with a dedicated SME strategy calling for a private-public fund specialising in Initial Public Offerings of SMEs. This gap is particularly acute for disruptive and breakthrough innovation where both the technology and market risks are high. The EIC will complement Member State support for innovation. It is expected to significantly accelerate the growth and success of innovative start-ups and SMEs in Europe, creating a pipeline of investable projects for InvestEU and venture capital and giving Europe a leading position in future markets, driven by new technologies and innovation.

In 2017, the Commission launched the first pilot phase of the European Innovation Council. Since then, 2,078 highly innovative projects have received funding totalling over €893 million. Building on this, an enhanced EIC pilot phase was launched in March 2019. It enables the Commission to test the main changes brought in under Horizon Europe. It introduces targeted calls for future and emerging technologies under the EIC 'Pathfinder Pilot', employing external programme managers for flexible management of the portfolio of projects, and scope to apply for blended finance (a combination of grant and equity) under the EIC 'Accelerator Pilot'. A total of €1 billion will be allocated under Horizon 2020 in 2019-2020, of which at least €100 million will be in equity.

The EIC Accelerator will enable higher levels of support to target cases where risks are too high for private investors and which have innovative scale up potential. In line with the provisions in the Horizon Europe proposal, a specific entity will be established to manage the equity investments and crowd in investments from private investors. Work on setting it up is currently ongoing with the support of the European Investment Bank Group.

To support the various pilot activities and to prepare the future EIC, the Commission appointed on 27 June 2019 the first 'EIC Pilot Advisory Board', bringing together 22 exceptional innovators from the worlds of entrepreneurship, venture capital, science and technology. Members were selected following an open call for expressions of interest, which resulted in over 600 applications.

The EIC Advisory Board is chaired by Mark Ferguson, Director General of Science Foundation Ireland and Chief Scientific Adviser to the Government of Ireland; Hermann Hauser, Co-founder of Amadeus Capital Partners and chair of the former High-Level Group of Innovators, will act as a vice-chair. The Board will be a transition structure until 2021 when the formal EIC Board is expected to be appointed, under the Horizon Europe legislation. While the Commission remains responsible for financing decisions, the Board will advise on the work programme, implementation and project follow-up, from the perspective of the innovator, and its members will be ambassadors for European innovation.

The European Innovation Council Task Force was created and placed within DG RTD's new organisation chart on 1 June 2019. Composed of key units working on the EIC positioning and implementation, the EIC Task force is preparing the ground for the Executive Agency, which will be tasked with the implementation of EIC grants.

The EIC is open for ideas in any field of innovation and one can apply at any time. The EIC has two types of innovators in mind:

If you are an innovative researcher with an idea for the next breakthrough technology, you should apply to the **"Pathfinder"**.

If you are a start-up, SME, entrepreneur with a business plan to develop and scale up a high-risk innovation, then the **"Accelerator"** is the right way forward for you.



PATHFINDER:
Researchers, technologists

- ▶ For radically new technologies emerging from collaborative research
- ▶ Grant funding of up to €4 million (100% of costs)
- ▶ From proof of concept to demonstration of commercial viability
- ▶ Access to EIC coaching and mentoring services
- ▶ Majority of funding is open (no predefined themes). Strategic breakthrough technologies are also supported (challenge-based)



ACCELERATOR:
Start-ups, SMEs and entrepreneurs

- ▶ For development and scaling up of high risk innovations by startups and SMEs
- ▶ Grant funding of up to €2.5 million (70% of costs)
- ▶ Option of equity investment of up to €15 million
- ▶ Access to EIC coaching and mentoring services, pitches with corporates, VCs, etc
- ▶ All funding is open (no predefined thematic areas)

2nd step



Pathfinder applications must be **interdisciplinary**, offer a **radical vision** and a **breakthrough technology target**.

They will also be assessed on their potential to **create new markets and social and economic impacts**.



Applications to the accelerator will be assessed first by a set of independent experts based on their potential for **future social or economic impact or market creation, the high risk/ high potential nature of the innovation, and the business plan.**

3rd step



Grant Only

Applicants will be informed about the results of the assessment by independent experts within five months of closure of the call, and successful applicants will receive the grant three months later.



Grant Only

Applicants will be informed about the result within one month and receive grants within five months.



Grant + Equity

Applicants will be informed about the result within one month and receive grants within five months. For the equity, additional due diligence will be undertaken before receiving the investment.