Horizon Europe
PILLAR III "Open Innovation", including EUROPEAN INNOVATION COUNCIL (EIC)

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3 KEY ISSUES PREVENT EUROPE FROM EXPLOITING ITS FULL POTENTIAL

**Innovation performance**

Lack of creation and diffusion of breakthrough innovations, means low productivity growth.

**Innovation transfer**

World leader in science, but **underperforms** in transferring science into innovative companies.

**Innovation Scale-up**

Lack of risk finance for scaling up (e.g. venture capital). "Valley of death" between early stage ideas (grant funding) and private investment (private investment).
European Innovation Council

The EIC will support innovators with breakthrough ideas and market creating innovations that currently face high risks due to the fragmentation of the innovation eco-system, lack of risk finance and risk aversion.

Two complementary instruments:

**Pathfinder**
(from early technology to pre/early commercial)

**Accelerator**
(from pre/early commercial to market & scale-up)

**Expected impact**

- More innovations that create the new markets of the future
- Scaled up companies and higher SME growth
- Increased complementarities between grant-type funding, financial instruments, and leverage from private investment
- More entrepreneurship and risk-taking
- More accessible and user friendly support to innovation
Building on existing instruments, simplifying the landscape and bridging gaps

From current situation ...

- Future Emerging Technologies (FET)
- European Research Council (ERC)
- SME Instrument Phase 1
- SME Instrument Phase 2
- SME Instrument Phase 3
- EFSI/InnovFin SME Guarantee (Loan)
- EFSI/InnovFin Equity
- Tast Track to Innovation (FTI)

Gap in transition from research to commercial environment
Gap in financing for scaling up between grants and finance

... to the EIC in Horizon Europe

- PathFinder (from early technology to early/pre-commercial)
- Accelerator (from early/pre-commercial to market & scale-up)
- Invest EU

Source: EU Commission
Establishment of a European Innovation Council

The core of the Innovation Pillar of the next Framework Programme (Horizon Europe):
- Single budget with critical mass
- Core objective: scaling up breakthrough innovation
- Rationalised, simple and flexible funding

Dedicated implementing structure
- Engaging top innovators
- Reforms to implementation (e.g. best practice from ARPA-E, DARPA)

And increasing impact from other pillars of FP9
- Science pillar: support spinouts from basic research projects
- Global challenges pillar: support spinoffs from collaborative projects, start-ups emerging from EIT etc.

Source: EU Commission
European Innovation Council – 2 main instruments (1)

1. The Pathfinder for Advanced research (TRL 1/2 to TRL5/6)

Grant advanced research support to companies

Grants to high-risk cutting edge projects

=> earliest stage of scientific and technological research and development

e.g. proof of concept

prototypes for technology validation

Source: EU Commission
European Innovation Council – 2 main instruments (2)

2. The Accelerator

Blended finance instruments (grants + loans + Equity)
=> support for emerging breakthrough technologies
=> access for Pathfinder projects
The European Innovation Council will provide direct funding to high potential innovators

- **Simple**
  - Open to all areas of innovation
    - No prescriptive topics – to grasp interdisciplinary
    - No geographical constraints (within EU, possibly open to AC) – level playing field to identify excellence
    - Selection by interview – focus on innovator with excellent ideas and scale-up potential

- **Innovator-centric**
  - Adapted to different phases
    - For development of emerging technology - flexible grant based
    - For innovation development & scale up - significant amounts, combining grants, financial instruments and private investment
  - Providing access to mentors, coaches, advice

- **Agile**
  - Pro-active management ("Darpa style"):
    - Flexibility to stop, or change direction
    - Follow up with mentoring, coaching, prizes, fellowships
    - Access to other initiatives (infrastructure, incubators, data, …)
    - Key role of Programme Managers

Source: EU Commission
Open innovation Pillar – a particular emphasis on Ecosystem

- Support to the innovation ecosystem in Europe
  - Co-fund Partnership(s) in innovation programmes (in particular with national innovation agencies)
  - mentoring, coaching, technical assistance and other soft skills and services for innovative enterprises delivered close to innovators by networks (EEN, Startup Europe, etc) + INNOSUP actions

- Support to the EIT

- No more FI but dedicated R&I and SME Windows notably under InvestEU (successor of EFSI & Horizon 2020 Financial instruments) – obvious synergies to be ensured with all THE pillars
  - Support high risk investments in R&I and new technologies (equity /loans/TA)
  - Enhancement of investment landscape for R&I
To summarize

**Internal Setup and Structure**
- "EIC Board" - strategic advice from top innovators
- Specialised agency for implementation
- Programme managers to oversee and steer projects
- Collaborative platform with Member State agencies
- Attracting and retaining International Talent

**New Working Method**
- Funding to bridge from R&D to market scale up
- Selection on merit by technology & market experts
- Risk-Taking & Tolerance of Failure
- More Flexibility & Less Bureaucracy
- Technology intelligence for EU policy making

Source: EU Commission
Thank you