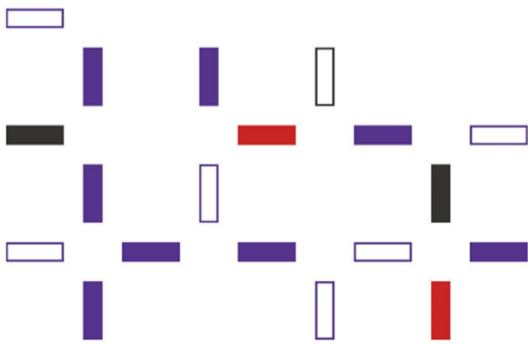




European Innovation Council

Frequently asked questions for media enquiries



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1. What is the European Innovation Council?

The EIC is a one-stop-shop for innovators, providing support from the idea to the market. The EIC covers the two key dimensions of the innovation process: the early advanced research and the commercialisation and scale-up phase. The fully-fledged EIC has been launched on 18 March 2021, as part of the new EU research and innovation programme, Horizon Europe.

With a budget of over € 10 billion earmarked in the proposal for the next EU Framework Programme for research and innovation, the fully-fledged European Innovation Council is the most ambitious innovation programme that Europe has ever taken. The EIC foreseen budget for funding is €1.5 billion for 2021.

The EIC is unique in the world in combining an advanced technology programme with an accelerator programme for startups. The advanced technology programme draws from the experience of US agencies such as DARPA and ARPA E, and supports breakthrough technologies with a civilian application.

To cover both the upstream and the downstream dimension of the innovation chain, the EIC fields three instruments: EIC Pathfinder, EIC Transition and EIC Accelerator.

(1) The **EIC Pathfinder** targets high-risk cutting-edge research projects exploring new territories aiming at developing radical and innovative technologies.

(2) The **EIC Transition** funds innovation activities that go beyond the experimental proof of principle in laboratory. It supports both the maturation and validation of novel technology in the lab and in relevant application environments (by making use of prototyping, formulation, models, user testing or other validation tests) as well as the development of a business case and business model towards the innovation's future commercialisation. It is a key novelty of the fully-fledged EIC.

(3) The **EIC Accelerator** aims to create and promote co-investment by initiating support where market response is absent and/ or insufficient. It includes an optional blended finance component (combining grant and equity through the EIC Fund). The EIC Accelerator addresses SMEs with a radically new highly risky, and thus, non-bankable idea underpinned by a business plan for rolling out marketable innovation solutions and with a potential to scale up.

In addition, the EIC provides **Business Accelerator Services** (BAS) with mentoring, events with investors and corporates, and partnering opportunities for all of the companies. BAS are tailor-made services for EIC Community members aiming at commercialisation of EIC innovations and scaling up of EIC companies through: access to coaches, mentors, expertise and training, access to global

partners (leading corporates, investors, procurers, distributors, clients) and access to innovation ecosystem and peers.

The European Commission launched in 2018 the **European Innovation Council pilot (EIC) under Horizon 2020** as a flagship initiative aimed at supporting the most talented European innovators in the fast and effective scaling-up of breakthrough, disruptive innovation, with a budget of € 3.4 billion. Since the start of the EIC Accelerator Pilot in the autumn of 2019, a total of 255 start-ups and SMEs active in all technology intensive sectors (health, digital, energy, etc.) have been pre-selected for funding for a total of over € 1 billion. In terms of equity funding only (provided by the EIC Fund), a total of 140 start-ups and SMEs have been pre-selected totalling more than € 550 million.¹

2. What are the main novelties of the EIC under Horizon Europe?

EIC Programme Managers are officials appointed by the granting authority to manage one or more EIC Portfolios. They are working in close relation with EIC Project officers. They are high level experts in their field that are appointed to work in the EIC for a limited duration to develop visions for breakthrough technologies and innovations, and to proactively manage portfolios of projects to achieve these breakthroughs. The first EIC Programme Managers have already been recruited to drive forward technologies in health, medtech, energy and environment.

EIC Transition will fund innovation activities that go beyond the experimental proof of principle in laboratory. It will support both the maturation and validation of your novel technology in the lab and in relevant application environments (by making use of prototyping, formulation, models, user testing or other validation tests) as well as the development of a business case and business model towards the innovation's future commercialisation.

The EIC will work in partnership with other European initiatives such as the **European Institute of Innovation and Technology (EIT)**, with which it concluded a Memorandum of Understanding in January.

A closer cooperation between the EIC and another body, the **European Research Council (ERC)** is also underway to fulfil the innovation chain from research to market opportunities.

The **EIC Forum** is a platform bringing different innovation drivers and levels of governance closer together to discuss openly and informally relevant policy issues. The policy recommendations and activities of the EIC Forum will aim at supporting and complementing initiatives undertaken in Horizon Europe. In the context of the "**EIC Forum**", which will be supported under the 'European Innovation Ecosystems' part of the Horizon Europe work programme and is to be launched soon, other synergies

will be developed with national and regional authorities in charge of supporting innovation across Europe.

3. Why is Europe investing public money in innovation, should this not be the market and private investors?

Investment in innovation in Europe lags far behind other regions. Compared to the US, the level of venture capital investment is four times lower in Europe. We cannot compete on new technologies and innovations without investing more.

The main investment gap is in deep tech startups and SMEs whose returns on investment are uncertain and take a long time.

The European Innovation Council will address this market failure in private investment through grants and direct equity investments in companies. In doing so, the aim is attract others to invest in higher risk companies. We have seen that this approach works. In January, we announced the first investment of the EIC Fund of 15 million euro in Corwave and which attracted a further 20 million euro investment from others.

4. What is the difference between the EIC and EIT, why does Europe need two separate innovation initiatives?

The EIT and EIC respond to different needs and provide distinct but complementary support to innovators. The EIT supports institutional partnerships in the form of 8 thematic Knowledge and Innovation Communities (KICs). The EIC provides support direct to innovators in any field.

On 8th of January, a Memorandum of Understanding was signed between the EIT and the EIC to implement a common strategy and build synergies between their various activities. For example, many SMEs supported by the EIC have received previous support at an earlier stage from EIC KICs.

5. You are comparing the EIC to DARPA, why are you copying the US and not developing a European solution?

In fact, the EIC goes far beyond the US DARPA in terms of scope. There are some important similarities, such as the focus on breakthrough technologies, on high-risk projects, and on pro-active management with in-house Programme Managers.

But there are also important differences. The EIC will support a broad range of civilian technologies while DARPA focuses on military applications. More importantly, the EIC has an Accelerator

programme to support startups and SMEs and this goes beyond the support that DARPA provides. So we have taken best practice from DARPA and other innovation agencies, and improved on this to create a genuine European solution.

Designed as a European wide “unicorn factory”, to scale up start-ups and SMEs with a unique combination of grants and investment, the Accelerator is itself a breakthrough innovation in terms of public support to the critical segment of deep tech start-ups and SMEs.

For its part, the EIC Fund, which is directly investing in the companies selected under the Accelerator since the very beginning of 2021, is another radical innovation on a European scale. It is not only a patient investor who aims to crowd in other investors, both public and private, by reducing their risks, but also a stakeholder that may prove to be very important over time to preserve, and sometimes restore, European technological sovereignty.

And as a matter of fact, I would be surprised if the overall EIC policy solution was not copied in other parts of the world.

6. What is the relationship between the EIC and the European Innovation Area?

This is a very interesting forward-looking question, as the European Innovation Area has not yet been defined and this will be done together with the innovation community. For the time being, I can say that the EIC will have a central place within the broader context of future European Innovation Area (EIA).

7. Many projects funded by the EIC pilot went to a few countries (France, Germany); what will you do to widen participation?

EIC support is highly competitive (success rate of around 2 percent) and so I can assure you that the large majority of applicants are rejected from all countries. In fact, EIC funding has gone to projects and companies in all Member States during the pilot phase.

However, I am convinced that there is untapped potential in many countries and I would like to see more applications from Widening countries. The same is true of applications from women innovators. There are specific actions funded in the EIC work programme to support more and better applications from widening countries and women innovators, such as specific support to be provided through the Enterprise Europe Network.

There is also a great potential for all Member States, and in particular Widening countries, to support EIC seals of excellence awarded to companies having submitted a project recognized as excellent, but that could not be funded due to lack of budget. Some Member States have already put in place programmes to support such start-ups and SMEs through alternative financing, and many more are currently proposing to do so under the Recovery & Resilience Fund (RRF). It is also envisaged that from 2022, companies from widening countries that would have received an EIC seal of excellence would be funded through the budget which is specifically dedicated to the widening of the participation (3.3% of the total Horizon Europe budget).

8. Why are the EIC calls launched before the main bulk of Horizon Europe, expected in April?

Calls for proposals cannot be launched before the formal adoption of the Horizon Europe regulation, but there is an urgent need to do it, so that proposals can be submitted before the summer, that the face-to-face juries operate in September and that the corresponding grants are paid between October and December.

In 2021, therefore, there will be race against time for the Commission and its executive agencies, including EISMEA, which will implement the EIC programmes from April 1. As a consequence, the EIC uses its agility to launch its calls for proposals as soon as it is legally possible.

9. How do you think the *Scale up Europe* initiative will impact on the EIC?

Designed by President Macron for the French Presidency that will take place in the first half of 2022, the *Scale up Europe* initiative goes precisely in the direction of the EIC, by fully sharing its objectives. It is therefore likely to boost the EIC by giving it new political impetus and in particular, the Recovery & Resilience Fund (RRF), to allow additional investments at the national level.

It is indeed critical that as many as possible innovative deep tech start-ups and SMEs that have received an EIC Seal of Excellence be funded at the national level through dedicated schemes, ideally without additional selection process. There are hundreds of companies, maybe several thousand, in such this situation. The use of the Recovery & Resilience Fund for this purpose in the context of the *Scale up Europe* initiative can only be strongly encouraged.

10. The rollout of the EIC Fund under the EIC pilot has been slow with only four deals signed so far. How will this be improved under the fully-fledged EIC?

This is the first time the European Commission makes direct equity investments in companies. The EIC Fund was created on 23 June 2020 in the context of the pilot phase as a normal Fund under Luxembourg law in order to be as agile as any other VC. It had however to perform due diligence for dozens of start-ups and SMEs and to develop a new decision-making process along experimental investment guidelines. This work took only a few months and the EIC Fund launched its first investment operations in early 2021, has found its stride and is even becoming the largest venture capital fund in the world.

Experience has been gathered by staff while the decision-making process and the investment guidelines have been refined. The EIC Fund has hired experienced VC practitioners in its Investment Committee and Board of Directors to align on market practice. The pilot phase, with its intrinsic experimental dimension, is over and the EIC Fund is now wholly operational under the fully-fledged EIC.

11. Can you indicate a timeframe for the next rounds of EIC Fund investments?

A total of 159 start-ups and SMEs were selected under the blended finance option of the EIC Accelerator and the EIC Fund should invest in most of them. A first batch of 42 investments was already announced on 6 January and other ones will be approved in the coming weeks.

As the Commission will very soon open new EIC calls for proposals under the Horizon Europe R&I programme for the period 2021-2027, the pipeline of project will be fuelled again after the September selection panels. The next round of investments will therefore take place late 2021 and early 2022.

12. What are the EIC Prizes?

The EIC Prizes are awarded to whoever can most effectively meet a defined challenge, without prescribing how that challenge should be solved. These will boost breakthrough innovation across sectors by fostering cutting-edge solutions which bring major benefits to citizens and society.

The European Innovation Council under Horizon Europe foresees 4 Innovation Prizes for the period 2021-2027, notably:

1. EU Prize for Women Innovators

2. The European Capital of Innovation Awards (iCapital)
3. The European Innovation Procurement Awards
4. The European Social Innovation Competition

While the EU Prize for Women Innovators, iCapital and the European Social Innovation Competition are established prizes under Horizon 2020, the Innovation Procurement Awards is a newly introduced prize in the framework of Horizon Europe.

1. EU Prize for Women Innovators

The EU Prize for Women Innovators celebrates the women entrepreneurs behind game-changing innovations. In doing so, the EU seeks to raise awareness of the need for more female innovators, and create role models for women and girls everywhere.

The EU Prize for Women Innovators is awarded to the most talented women entrepreneurs from across the EU and countries associated to Horizon Europe, who have founded a successful company and brought innovation to market.

In the 'Women Innovators' main category, three prizes of EUR 100 000 each are awarded to the women who, in the opinion of the jury, have excelled in all award criteria and stood out amongst the other applicants. In the second category, one prize of EUR 50 000 is awarded to a promising 'Rising Innovator' aged 30 or younger.

2. The European Capital of Innovation Awards (iCapital)

The European Capital of Innovation Awards will recognize the cities' role as catalysers of the local innovation ecosystem and will stimulate new activities aimed at boosting game-changing innovation.

In 2021, the European Capital of Innovation Awards will feature two categories. The first one, the **European Capital of Innovation category**, would include cities which have a population of minimum 250 000 inhabitants and, based on the below cumulative criteria, would reward the winner with EUR 1 million and two runners up with EUR 100 000 each one.

The second and newest category, the **European Rising Innovative City category**, would include towns and cities which have a population of 50 000 and up to 249 999 inhabitants; and, based on the below cumulative criteria, would reward the winner with EUR 500 000 and two runners up with EUR 50 000 each one.

3. The European Innovation Procurement Awards

The European Innovation Procurement Awards aim to recognise public and private buyers across Europe in their efforts to promote innovation procurement and the innovative ways the solutions are procured. It also aims to emphasise the importance of close buyer – supplier cooperation in bringing the innovative solutions to market.

In 2021, the European Innovation Procurement Awards will feature the following three categories: **Innovation procurement strategy award**; **Facing societal challenges award**; and **Procurement**

leadership award. Each category would reward the winner with EUR 75 000 and one runner-up with EUR 25 000.

4. The European Social Innovation Competition

The **European Social innovation competition** aims at stimulating social innovation's potential to provide solutions to societal challenges and foster sustainable and inclusive growth in Europe. It will directly support ideas best illustrating this rationale. It will engage citizens, businesses (including start-ups) in a large range of sectors, as well as universities, business and engineering schools, thereby creating new connections, sources of sustainable growth and meaningful job opportunities.

This competition is composed by the European social innovation challenge prize and the European social innovation impact prize.

The **European Social innovation challenge prize** 2021 competition will be focused on "Skills for tomorrow" and award three prizes of € 50,000 each.

The **European Social innovation competition impact prize** aims at recognizing the efforts done by the semi-finalists of the European Social innovation competition challenge prize 2020 edition on evolving their original proposals, on developing the best impact methodology and on demonstrating the best results among all participants.

13. Why is there a prize only for women, and not men?

Women make up only 33% of researchers in the EU, and account for just 9% of patent applications. Three quarters of start-ups in Europe are founded by men. Gender stereotypes and bias keep steering girls and women away from research and careers in STEM. Today, young girls are two times less likely to aspire to a career in STEM, when compared to boys of the same age. With this prize, the EU seeks to raise awareness of the need for more female innovators, and create role models for women and girls everywhere.

14. Will the EU Prize for Women Innovators be different now that it is managed by the EIC? Will the focus be on deep tech?

The European Innovation Council is Europe's one-stop-shop for innovation, and closing the gender gap in technology and innovation is at the heart of the EIC's. For this reason, from 2021, the EU Prize for Women Innovators will be funded under the EIC work programme and managed by the European Innovation Council and SME Executive Agency. The focus and scope of the prize will not change under

the EIC. We will continue to celebrate the female founders of all innovative companies, ranging from social innovation to digital innovation and deep tech.

15. Why have you dropped the age limit to 30 in the Rising Innovator category?

The rationale behind the Rising Innovator is to give recognition to the achievements of young entrepreneurs, at the beginning of the career. Were it not for this category, many Rising Innovators would have struggled to compete in the main category with the exceptional calibre of women founders and CEOs with a lifetime of experience. In recent editions of the prize, we noticed that the distinction between the Rising Innovator category and the main category had become more blurred, with several young women founders applying and competing very successfully in the main category. For this reason, and following feedback from our independent jury members from previous editions, we took the decision to lower the age limit to 30 or under for the Rising Innovator category.

16. What are the European Capital of Innovation Awards?

The European Capital of Innovation Awards is an annual recognition prize awarded to the European cities that best promote innovation in their communities. In particular, cities that:

- Contribute to open and dynamic innovation ecosystems that boost game-changing innovation;
- Involve citizens in governance and decision-making;
- Use innovation to improve the resiliency and sustainability of their cities.

17. Why does the European Commission award a prize to innovative European cities?

Currently, 75 % of Europeans live in cities. This is projected to increase to 85 % by 2050, resulting in over 36 million new urban citizens. Cities are major contributors to challenges related to climate change, air quality, waste, health, transport, the economy, social cohesion, immigration, natural disasters and the consumption of natural resources (energy, water and food security). The complex nature of urban contexts calls for innovative and sustainable solutions developed through participatory approaches and social innovation to create safer, healthier and more prosperous cities.

18. What is the policy objective of iCapital?

The Awards are aimed at rewarding the most innovative city practices in the framework of a developed, multi-faceted, well-functioning city innovation ecosystem that boosts game-changing innovation.

This prize enables EU Member States and Associated Countries' cities to showcase their contribution to developing local innovation ecosystems for the benefit of businesses and the wellbeing of their citizens.

19. What are the main novelties of the 2021 edition of iCapital?

With the aim to enhance the impact of the Awards, we are introducing two main novelties:

1. We have introduced a new category (European Rising Innovative City category), for cities with a population of 50 000 and up to 249 999 inhabitants - before only cities with more than 100 000 inhabitants could apply. (see categories and population in next question)
2. We have increased the budget (€1.8 M vs €1.5M)

20. What are the categories in the 2021 edition of iCapital?

Depending on the population, applicants can apply to one of the following categories:

- European Capital of Innovation category, would include cities which have a population of minimum 250 000 inhabitants;
- European Rising Innovative City category, would include towns and cities which have a population of 50 000 and up to 249 999 inhabitants. (NEW CATEGORY)

21. How many winners are there for iCapital, and what is the prize money?

The European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA) will award six prizes:

- One prize of EUR 1 000 000 is awarded to the winner of the European Capital of Innovation category, while two prizes of EUR 100 000 each are awarded to its two runners-up.

- One prize of EUR 500 000 is awarded to the European Rising Innovative City category winner, while two prizes of EUR 50 000 each are awarded to its two runners-up.

22. Why did you decide to change the concept of the iCapital prize this year?

After an exhaustive assessment, including feedback provided by the applicant cities along the past 6 years, jury members and public consultations, we acknowledged the existence of some aspects that could be reinforced in order to boost the impact of the awards, and to align it to the Horizon Europe priorities.

The EU has a diverse mix of cities: at one end of the scale are the global metropolises like Paris or Madrid; while approximately half of the cities in the EU have a relatively small urban centre.

There are:

- 18 EU cities with over a million inhabitants
- 43 cities have over 500 000 inhabitants
- 85 have between 250 000-500 000 inhabitants
- and 700 cities have between 50 000-250 000 inhabitants .

The eligibility criteria restricted in the past the participation of cities that have above 100.000 inhabitants, therefore narrowing the number of eligible municipalities.

Through the new category "Rising Innovative City", we want to pass a message, that innovation is possible in any city of Europe, be it small or large, be it in the South, North, West or East.

23. What is Horizon Europe?

[Horizon Europe](#) is the research and innovation framework programme running from 2021 to 2027.

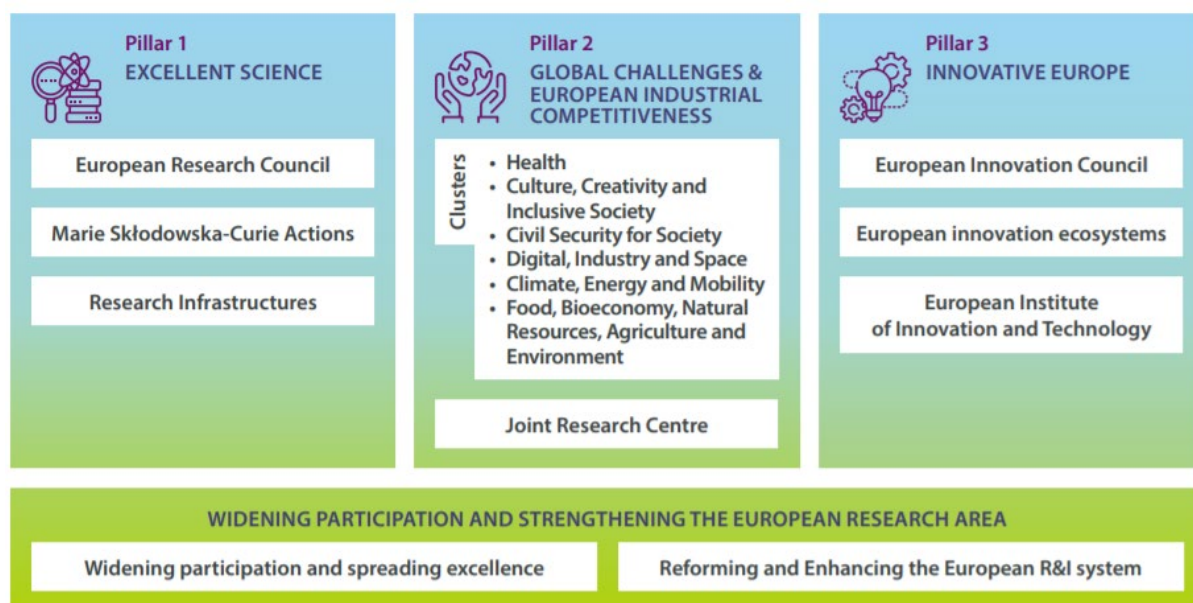
Horizon Europe will incorporate research and innovation missions to increase the effectiveness of funding by pursuing clearly defined targets.

5 mission areas have been identified, each with a dedicated mission board and assembly: Adaptation to climate change including societal transformation, Cancer, Climate-neutral and smart cities, Healthy oceans, seas, coastal and inland waters, and Soil health and food. The board and assembly help specify, design and implement the specific missions that will launch under Horizon Europe in 2021.

Horizon Europe will have a budget of around €95.5 billion for 2021-2027 (current prices). This includes €5.4 billion (current prices) from NextGenerationEU to boost our recovery and make the EU more resilient for the future, as well as an additional reinforcement of €4.5 billion (current prices).

Horizon Europe will be implemented also through the European Defence Fund and complemented by the Euratom Research and Training Programme.

Horizon Europe will be organised into three pillars for implementation:



Pillar 3 “Open Innovation” is among the main changes from Horizon 2020 to Horizon Europe. Not only in the denomination, going from Industrial Leadership to Open Innovation, but also in priorities and actions concerned. Industrial work has been rolled into pillar 2, and in its place is a pillar focussed on stimulating and supporting market-creating breakthrough innovations.

There are three components to this pillar: the European Innovation Council (EIC), the European Innovation Ecosystems (EIE) and the European Institute of Innovation and Technology (EIT).

The EIC will focus on supporting disruptive/breakthrough innovations too risky for private investors, with either ‘Pathfinder’ grants (for early tech) or ‘Accelerator’ funding (for pre-commercial work). The EIE will focus on developing networks of interactions between innovators. The EIT will be complementary to the EIC by bringing key research, education, and business actors together around a common goal.