## The European Innovation Council

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# EIC Accelerator and EIC Fund: what, why and how (practical steps)

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# EIC Accelerator

European Innovation Council

Supports:

- **start-ups and SMEs** seeking to **scale up** high impact innovations with the potential to **create new markets** or disrupt existing ones;
- Innovations building on scientific or technological breakthrough **(deep tech);**
- Where **significant funding** is needed over **a long timeframe** and are **too risky** for private investors alone
- **Unique combination** of grant + investment + Business Acceleration Services (coaching, access to markets & partners)

**Budget for 2023: €1.13 billion**
**Apply any time** (short applications)
**Cut-offs** for full applications: 11 January, 22 March, 7 June, 4 October

# EIC Accelerator – Blended Finance

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## Grant component

- maximum of less than **€ 2.5 million**
- eligible costs are reimbursed up to a maximum of **70%**
- small mid-caps are not eligible for a grant only
- **Innovation activities only (TRL 5-8)**

+

## Investment component

- € 0.5 million and **maximum € 15 million**
- usually in the form of direct **equity** or quasi-equity
- **minority ownership** (maximum 25% of the voting shares of the company)
- **"patient capital" principle** (7-10 years perspective on average, max 15 years)
- **Market deployment activities mainly (>TRL 8)**

Both types of activities are linked. Issues encountered in one type (including the way they are financed) may impact on the other type of activities.

# EIC Accelerator – funding options

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**Grant first**

If your innovation still requires significant work to validate and demonstrate in relevant environments to assess its commercial potential

**Grant & investment (blended)**

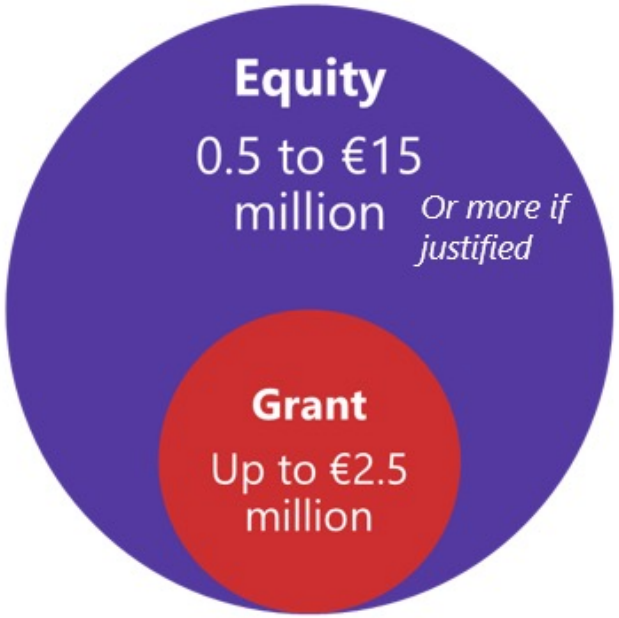
If you need support for development (TRL 5/6 → 8), deployment and scale-up (TRL 9)

**Investment only**

You already received a grant-only support and you are ready for rapid scale-up of your high-risk innovation

**Grant only**

If you can prove that you have sufficient financial means for deployment and scale-up (TRL 9)



# Funding schemes

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- **EIC Accelerator Open**

✓ to support projects in any field of science, technology or application without predefined thematic priorities (‘bottom-up’)

- **EIC Accelerator Challenges**

✓ to support projects within predefined thematic areas with the aim to achieve specific objectives for each Challenge

# EIC Accelerator Challenges 2023

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| | |
|---|---|
| 1 Novel biomarker-based assays to guide personalised cancer treatment | € 65 million |
| 2 Aerosol and surface decontamination for pandemic management | € 65 million |
| 3 Energy storage | € 100 million |
| 4 New European Bauhaus and Architecture, Engineering and Construction digitalisation for decarbonisation | € 65 million |
| 5 Emerging semiconductor &<br>6 Quantum technology components | € 100 million |
| 7 Novel technologies for resilient agriculture | € 65 million |
| 8 Customer-driven, innovative space technologies and services | € 65 milion |

EIC Accelerator Challenges **individual workshops** will be organised by PM early next year

# The application and selection process (1)

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- All proposals **submitted** in response to EIC Accelerator **calls** for proposals via the **EIC Platform**.
- Only proposals, which meet the **admissibility and eligibility** criteria, will undergo evaluation.
- Independent **experts** evaluate the proposals.
- The evaluation process is managed by the EISMEA.

# Evaluation criteria

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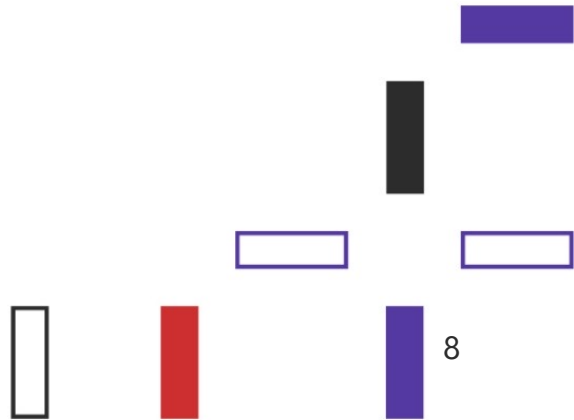
- **Excellence**
  - Breakthrough and market creating nature
  - Timing
  - Technological feasibility
  - Intellectual Property
- **Impact**
  - Scale up potential
  - Broader impact
  - Market fit and competitor analysis
  - Commercialisation strategy
  - Key partners
- **Level of risk, implementation, and need for Union support**
  - Team
  - Milestones
  - Risk level of the investment
  - Risk mitigation



# The application and selection process (2)

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- The **Accelerator evaluation process** is composed of **three phases**:

  ✓ **Screening of short proposals:** performed by remote evaluators, which leads to a GO or NO-GO to the next evaluation stage,

  ✓ **Evaluation of full proposals,** performed by remote evaluators, which leads to a GO or NO-GO to the next evaluation stage,

  ✓ **Interviews with participation of Jury Members** which leads to establishing the list of GO (funded) and NO-GO (non-funded) proposals

# Short proposal: your idea

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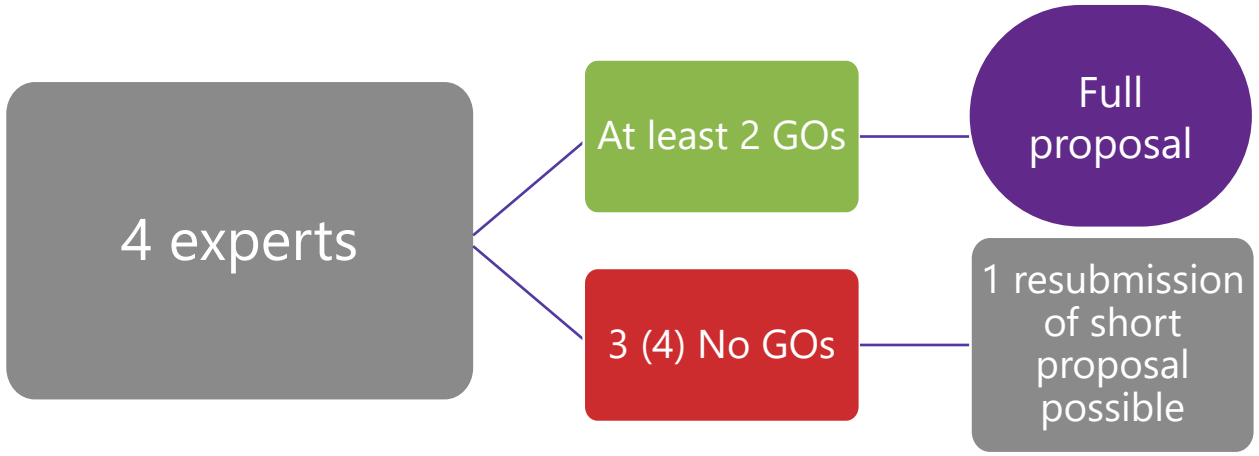
- Respond to a set of questions on the EIC AI-based IT platform
- Submit a **10 slides** presentation
- Submit a **3 minutes video pitch**

Continuously open, results within approx. 4 weeks!




**Artificial Intelligence Platform**

# Prepare the business plan (full proposal)

**Artificial Intelligence Platform**
**&**
**Free coaching**

12 months within receiving outcome of short proposal evaluation

- Prepare a business plan supported by the EIC AI-based platform and with the help of an EIC business coach (not mandatory)
- Submit your full proposal

# **Full proposal**: remote evaluation process- first submission

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Full proposal

3 experts

3 GOs

Interview

At least 1 No **GO**

1 full proposal resubmission possible

# Full proposal: interview

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**INTERVIEW**
Pitch your innovation & respond to questions

5 Jury Members (up to 6)

- GO → Prepare the contract
- No GO with second chance → 1 resubmission possible **INTERVIEW**
- No GO with Seal of Excellence → 1 resubmission possible **FULL PROPOSAL**
- No GO Rejected → 1 resubmission possible **FULL PROPOSAL**

Interviews sessions appr.
7-8 weeks after the cut-off
(except for the summer, Christmas break…)

- **Pitch your innovation** to the EIC Jury Members composed of serial entrepreneurs, innovation specialists and senior investors
- Answer the questions from the EIC Jury Members
- If selected, you will sign the contract

# EIC Investment – the equity component of the EIC Blended Finance

# EIC Accelerator equity funding

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- From **€0.5 to 15.0 million*** in the form of equity or quasi-equity.
- Intended to finance **market deployment and scale up**.
- **Crowding in** of co-investments and follow-up investments in EIC funded companies of **3-5 times the level of EIC funding**
- The EIC may reserve **follow-on capital** to invest in subsequent series or grant-first.
- The EIC provides **patient capital** (investments will normally be made with a long average perspective (7-10 years) with a maximum of 15 years).
- The EIC usually targets **minority ownership** stakes (from 10 to 25%), and up to a blocking minority in cases identified by the EC as of strategic interest for the EU.

** More than € 15 million investment request is allowed in duly justified cases in 2023 on a pilot basis.*

# EIC investment: actors and roles

- **The European Investment Bank (EIB)** is investment **advisor** to the EIC Fund (as it was for the Pilot)
  - performs **due diligence** on selected companies;
  - prepares investment (and divestment) **recommendations** to the fund manager;
  - **negotiates** with companies and co-investors, the **terms** of investments;
  - supports the **execution** of the decisions (investment and divestment);
  - monitors the **performance** of the portfolio companies and supports the **portfolio management**.
- **The EIC Fund manager** (alternative investment fund manager, **AIFM**)
  - makes **investment/divestment decisions**, responsible for the overall investment cycle;
  - ensures **compliance** with the applicable AIFM Rules;
  - **portfolio management**, risk management.
- **EISMEA**
  - **implementation** of the **grant** and **coordination** between grant and **equity** component
  - business **acceleration services**, including support to companies in finding **co-investors**;

# The investment process after selection

1. **Initial assessment** (EIB): proposals selected by EISMEA (following the interview) go through initial assessment: possible investment scenarios ("buckets") + **KYC-compliance** checks ).
2. **Due diligence** (EIB, unless performed by co-investors).
3. **Investment proposal** (EIB), potential draft financing terms discussed with the beneficiary and co-investors (if any).
4. **Advisory Committee** (AIFM), provides advice to the AIFM Investment Committee (given specifies of the EIC: very early stage companies, multiple jurisdictions, from any sector or vertical) and ensures coordination grant/equity. Composed of AIFM staff, EIB, external experts and European Commission/EISMEA.
5. **Investment Committee** (AIFM), exclusively composed of AIFM staff. The IC will either approve (sometimes with conditions), including the amount and terms, propose grant-first or reject the operation.
6. **Investment agreement and disbursement** (AIFM supported by EIB). The EIB will guide the preparatory work of legal documentation for signature by the external fund manager.
7. **Portfolio monitoring and management** (AIFM supported by the EIB).

# EIC Accelerator calls in 2023

| Short proposal evaluation | Full proposal evaluation (cut-off) | | Interview weeks (tentative) |
|---|---|---|---|
| | Open | | Open |
| **Submit** any time<br>during the year<br>**Feedback** within 4 weeks | 11 January 2023<br>22 March 2023<br>7 June 2023<br>4 October 2023 | **~€611m**<br>(~grant/equity) | 27 February – 10 March<br>22 May – 2 June<br>11-22 September<br>27 November – 8 December |
| | Challenges | | Challenges |
| | 22 March 2023<br>7 June 2023<br>4 October 2023 | **~€523.5m**<br>(~grant/equity) | 22 May – 2 June<br>11-22 September<br>27 November – 8 December |

# How to apply – useful links

European Innovation Council

EIC Accelerator

EIC Work Programe 2023

Support for applicants (FAQs, guidelines, contacts)

Funding & tenders opportunities Portal (legal & supporting documents)

Application (EIC AI) Platform

# EIC Accelerator: figures

## 2021

**>5000 short applications** (apply anytime)
Open + Challenges (green deal, strategic technologies)

**~1900 full applications**
(June, October cut-offs)
**335** selected for **interview**

**164 companies selected**
**€ 350 million** grant funding
**€ 642 million** investment (EIC Fund)

## 2022

**~ 2500 short applications**
Open + Challenges: (strategic autonomy, Fit for 55)

**~3309 full applications**
(March, June, October cut-offs)
**538** selected for **interview**

**149 companies selected**
**€ 330 million** grant funding
**€ 448 million** investment (EIC Fund)

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# Thank you!

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