

COMPROMISE AMENDMENT 1

covering the entire text of the Implementing report

If adopted, all AMs (1-136) fall.

New or amended text is highlighted in ***bold italics***;

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the implementation of the European Innovation Council (2022/2063(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union (TFEU), in particular Title XIX thereof,
- 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 dissemination¹,
- having regard to Council Decision (EU) 2021/764 establishing the Specific Programme implementing Horizon Europe – the Framework Programme for Research and Innovation²,
- having regard to Regulation (EU, Euroatom) 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 Union³,
- having regard to the European Innovation Council work programmes for 2021 and 2022,
- having regard to the European Innovation Council impact report 2021,
- having regards to the Commission communication of 11 January 2018 entitled ‘Horizon 2020 interim evaluation: maximising the impact of EU research and innovation’ (COM(2018)0002),
- having regard to the impact assessment of 7 June 2018 accompanying the Commission’s proposal for Horizon Europe (SWD(2018)0307),
- having regard to Rule 54 of its Rules of Procedure, as well as Article 1(1)(e) of, and Annex 3 to, the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,
- having regard to the report of the Committee on Industry, Research and Energy (A9-0000/2022),
- ***having regard to the Statement from the EIC Board for the discussion in the European Parliament ITRE committee on EIC implementation⁴,***
- ***having regard to the Statement by the EIC Board on the EIC Work Programme for***

¹ OJ L 170, 12.5.2021, p. 1.

² OJ L 167I, 12.05.2021, p. 1.

³ OJ L 193, 30.7.2018, p. 1.

⁴https://eic.ec.europa.eu/news/statement-eic-board-discussion-european-parliament-itre-committee-eic-implementation-2022-08-16_en

2022 and future of the EIC Fund⁵,

- *having regard to the Commission Press Release of 5 August 2022 entitled 'EIC Accelerator implementation update'⁶,*

General objectives and structure of EIC under Horizon Europe

- A. whereas the European Innovation Council (EIC) is the EU's flagship innovation programme to identify, develop and scale up breakthrough, and in particular *deep tech*, innovations; *whereas EIC shall facilitate and enhance networking and cooperation and create synergies, between different innovation communities in EU, and with the EIT particularly, ensuring wide geographical coverage; whereas* it was set up to foster Europe's technological strategic autonomy as well as *to* improve the functioning of the European venture capital market;
 - A a. *whereas Regulation (EU) 2021/695 identifies the European Innovation Council (EIC) as "a centrally managed one-stop shop" which "shall focus mainly on breakthrough and disruptive innovation, targeting especially market-creating innovation, while also supporting all types of innovation, including incremental";*
 - A b. *whereas Regulation (EU) 2021/695 stipulates that the EIC shall operate in accordance with i.a. clear Union added value, autonomy, ability to take risk, efficiency, effectiveness, transparency and accountability;*
 - A c. *whereas Council Decision (EU) 2021/764 stipulates that the EIC has two objectives. Firstly, to identify, develop and deploy high-risk innovations of all kinds, including incremental, and secondly, to support the rapid scale-up of innovative companies at Union and international levels along the pathway from ideas to market;*
- B. whereas the EIC is implemented through three main pillars: the EIC Pathfinder; the EIC Transition; and the EIC Accelerator;
 - B a. *whereas the Pathfinder provides grants to high-risk cutting-edge projects that explore new and deep-tech areas with the aim of developing potentially radical innovative technologies of the future and new market opportunities;*
 - B b. *whereas the Accelerator mainly supports SMEs that have the ambition to develop breakthrough, deep-tech innovations which are key to Europe's future growth and open strategic autonomy;*
- C. whereas the Accelerator is implemented mainly *by using EIC blended finance* awarded through a single, *clear and transparent* process and with a single decision, providing the supported innovator with a single global commitment to financial resources covering the various stages of innovation until market deployment, including pre-mass commercialisation.
 - C a. *whereas the Horizon Europe legislation allows for the Union to bear alone the initial*

⁵<https://eic.ec.europa.eu/system/files/2022-02/Statement%20by%20the%20EIC%20Board%20on%20the%20EIC%20Work%20Programme%20for%202022%20and%20future%20of%20the%20EIC%20Fund.pdf>

⁶ https://eic.ec.europa.eu/news/eic-accelerator-implementation-update-2022-08-05_en

risk of the selected innovation;

C b. whereas Council Decision (EU) 2021/764 requires the Commission to establish a special purpose vehicle for the implementation of EIC blended finance and for the Commission to manage all operational elements of Accelerator projects;

Results of pilot

D. whereas the EIC Pilot and EIC Enhanced Pilot successfully demonstrated the feasibility of the EIC as a fully-fledged programme as outlined in the general conclusions of the 2022 Evaluation Study published by the European Commission⁷, despite some initial issues including unclear communication towards beneficiaries about the investment conditions for the companies;

D a. whereas the effectiveness of the EIC Pilot was under pressure due to low success rates;

D b. whereas between 2018 and 2020, the EIC Pilot funded 330 Pathfinder projects under calls with high numbers of submissions;

D c. whereas the geographical spread of participation and particularly coordination of the Pathfinder Pilot was concentrated in the EU15 and Associated Countries. Furthermore, a country's position in the European Innovation Scoreboard seemed to be reflected in the number of applications as well as in the success of its innovators in the Pathfinder Pilot - the Innovation Leaders had the highest success rates and Emerging Innovators had the lowest success rates;

Results of pilot of EIC Fund

E. whereas the EIC Fund under its original structure, as put in place in 2020 under the EIC Pilot and which was accepted by all Commission services at the time, was functioning appropriately; 140 equity investment decisions were taken, despite the recurrent delays and incidences in signing the blended finance instrument, and these had a leverage of a factor 2.7, showing that the EIC Fund in its original structure was capable of establishing significant co-investment.

F a. whereas the Evaluation Study concludes that “the EIC Fund is underpinned by well-justified public policy goals and market needs” and that “a contentious point on the Fund structure pivots around the interpretation of two eligibility rules: non-bankability and co-investment”;

F c. whereas the due diligence procedure as established under the EIC Pilot has been particularly successful as it delivered high quality due diligence assessments as confirmed by the fact that several of these assessments were used to attract external investors, indicating that investors regard the due diligence of enough quality to base their investment decisions on;

F d. whereas the structured professional investment advice delivered by the Investment Committee and the EIB team embedded in the European Innovation Council and SMEs Executive Agency (EISMEA) was able to deliver the high quality due diligence

⁷ “Evaluation study on the European Innovation Council (EIC) Pilot” (European Commission, 2022)

due to the unique cooperation between the EISMEA and the EIB in combination with investment expertise brought in by the external experts, including serial investors and Venture Capitalists, on the Investment Committee;

State of implementation of EIC under Horizon Europe

- F b. whereas the Annotated Model Grant Agreement for Horizon Europe was published extremely late, which created significant uncertainty among applicants, including potential applicants under the EIC;*
- F c. whereas the introduction of Programme Managers has the potential to increase the effectiveness of the EIC; furthermore nine Programme Managers have been appointed;*
- F i. whereas the work of the Programme Managers still lacks visibility and is experienced as lacking transparency by stakeholders;*
- F j. whereas the EIC is a new type of Programme which carries more financial risk than normal Union spending, which requires a dedicated auditing strategy;*
- F d. whereas under the 2021 and 2022 Work Programmes 1.55 billion EUR and 1.71 billion EUR, respectively, was made available for the EIC; both years, roughly 430 million EUR stemmed from the Next Generation EU budget, all of which was made available for grant components of the EIC; about 52% of the available budget was allocated to open, bottom-up calls under the Open calls; 65% of available funding was allocated to the grant components of the EIC, while 35% was allocated to investment components; nearly 70% of the available funding was allocated to the Accelerator, with 20% going to the Pathfinder;*
- F e. whereas the Pathfinder Open Call had a success rate of 6.45% and 7% in 2021 and 2022 respectively; whereas under the Pathfinder Challenges Call of 2021, 403 proposals were submitted and 39 proposals were awarded, which means the success rate was 9.7%;*
- F h. whereas for the Accelerator there were two cut-off dates in 2021 and 2022 respectively;*
- F q. whereas, until September 2022, the only funding transferred to Accelerator beneficiaries were grant pre-payments for which the time-to-grant was 12 months and no funds were transferred as part of (quasi-) equity support with only one Investment Decision having been taken, leading to a time-to-investment of well over a year; Whereas only in the summer of 2022 the Commission started signing term sheets for beneficiaries selected in 2021 and that most will be signed after summer⁸.*

Fundamental implementation issues

EIC Fund management

Considerations on the restructuring of the Fund

1. Is *deeply* concerned about the announcement *in early 2022* of changes to the structure of

⁸ https://eic.ec.europa.eu/news/eic-accelerator-implementation-update-2022-08-05_en

the Fund compared to the situation under the EIC Pilot, *while the companies from the first two cut-offs from 2021 had been already selected for funding;*

- 1 a. Reminds that the EIC Fund is set up to support startups and SMEs developing deep-tech innovations. Highlights that cash flows are crucial for startups and SMEs, and that long delays in receiving expected funding can bankrupt these kinds of companies. Emphasises therefore the importance of the EIC Fund being able to invest within market conform timeframes. Deplores the examples where the EIC Fund failed to achieve this objective and where the original investment decision of the EIC Fund was rendered irrelevant, due to the long time lag and the company's development during that time;*
- 1 c. Is concerned by the delays in the implementation of the blended finance actions under the Accelerator. Emphasises that the delays were completely and only the result of divergent perspectives on the implementation of the EIC stemming from conflicting interpretations of the relevant legal texts by different services of the European Commission about the management of the EIC Fund. Notes that conflicts only concerned the equity part of the project and should therefore not have affected the grant agreements. Deplores these internal Commission conflicts put at risk 96 European deep-tech companies. Is deeply concerned that, except for one exceptional Investment Decision, no decisions for actual investments have been taken by the EIC Fund.*
- 1 c. Recalls that EIC Blended Finance should be awarded through a single process and through a single decision covering both the grant and the financial instruments components. Reminds that Commission should manage all operational elements of Accelerator projects;*

Reflection on Commission's arguments for restructuring

- 1 c. Recognises that the Commission expressed concerns about the management of EIC Fund regarding the staffing implications as well as the potential Commission reputational liability for the investments;*
- 1 b. Acknowledges the staffing concerns raised by the Commission regarding the management of the EIC Fund investment portfolio. Appreciates that the representation of the EIC Fund needs to be appropriate and that this requires a significant number of persons with significant experience to represent the EIC Fund. Considers, however, that directly employing these persons is not the only solution. Points out that the original Investment Committee together with the EIB had developed an alternative plan to solve the staffing issue. Concludes therefore that the staffing challenge is not a reason for restructuring the Fund;*
2. Takes note of the Commission's reasoning that Article 11(3) of Council Decision (EU) 2021/764 requires the Commission to explore indirect management and that this prompts changes to the structure of the EIC Fund;
- 2 a. Reminds that the text of Article 11(3) was included in the Commission proposal for Horizon Europe and was never challenged during the legislative procedure. Highlights that this means that the Commission ought to have been fully aware of this text when it set up the EIC Fund in 2020. Stresses that the Commission Decision to set up the*

EIC Fund, which included the original structure, was adopted by the College of Commissioners and had the support of all services of the Commission. Emphasises that the same is true for the 2021 EIC Work Programme, which made no mention of the need to restructure the EIC Fund. Concludes that the issue of compliance with Article 11(3) was raised internally in the Commission around the summer of 2021 after the programme already started. Considers that raising such a fundamental issue during a running programme after having missed several opportunities to raise the issue in the three years preceding the start of the programme is at the very least a case of mismanagement and a reluctance to accept a new way of working as envisaged by the co-legislators;

3. Highlights that Article 11(3) is only a single sentence that needs to be read in the context of the full Council Decision; stresses in this regard also that the Annex to the above-mentioned Council Decision mandates that the Commission ‘establish a special purpose vehicle’, without laying down any other conditions; stresses, furthermore, that EIC blended finance as referred to in Article 11(3) and defined in point 1.1.2 of Annex I to the Council Decision includes both grants and support for investment in the form of equity or other repayable forms; concludes, therefore, that the requirement of indirect management cannot be read as applying only to the investment part of blended finance and that this article cannot be interpreted in such a way that the two components are separated in implementation;

Concerns and consideration on the proper structure of the EIC Fund

- 4 a. *Notes the importance of professional preparation of an investment decision and therefore highlights the role of the EIC Fund Investment Committee appointed by the European Commission as well as the valuable support for the due diligence provided by the EIB embedded in the EISMEA. Regrets, however, that further decisions of the EIC Fund, like joining an investment round after the initial investment decision or establishing a rationale for an investment, seem to take too long in part due to the time it takes the EIB to provide its input for that decision.*
- 5 Notes that both the EIC Investment Committee and the EIC Fund Board, under the original set-up of the EIC Fund, included representatives of the Commission as well as external experts, ensuring a proper balance between policy coherence and professional investment decisions
- 5 b. *Notes that the Commission adopted and implemented by October 2022 a 'transition arrangement' under which the EIC Fund remains in the ownership of the Commission while an external fund manager will take the Investment Decisions of the Fund; highlights that the external fund manager will also staff the Investment Committee and that this means that there will no longer be independent experts on the Committee who delivered invaluable expertise nor will there be any representative of the Commission to ensure policy coherence; takes note of the description of this arrangement in the 2022 EIC Work Programme;*
6. *Notes with concern that until the transitional arrangement for the investments announced in the EIC 2022 work programme was in place, all Single Award Decisions and all substantial investment decisions needed to be approved by the College of Commissioners and were thereby accompanied by another level of scrutiny; regards*

this was an unacceptable situation because this makes the decision process even longer, complex and with more uncertainty for the applicants;

- 6 a. *Notes with deep concern that even setting up the transition arrangement for the EIC Fund took over a year due to continuous internal discussions between Commission services. Notes that in June 2022 the Commission started processing the grant components of the Accelerator projects selected in June 2021, indicating sufficient progress was made in setting up the transition arrangement of the EIC Fund to start implementing blended finance projects. Notes that for grantees selected under the June 2021 cut-off most of the grant agreements were signed in the summer of 2022. This results in a time-to-grant of more than a year. Notes that the Commission communicated in May 2022 that grant components for the October 2021 cut-off date EIC Blended Finance grantees would be finalised by the end of May or early June⁹. Notes that the Commission had to inform these grantees over the summer of 2022 that the grants would not be ready by July and would likely have to wait until October of 2022. Concludes that for this cut-off the time-to-grant will also be at least one year.*
- 6 b. *Highlights that Article 216(1) of the Financial Regulation expressly empowers the Commission to apply direct management of investments either by the Commission directly (Article 216(1b)) or through “a dedicated investment vehicle” (Article 216(1a)). Stresses that this form of implementation allows for more flexibility and more strategic consideration in the investment decisions as well as portfolio management than indirect management. Rejects the notion that transferring the management of the Fund to the EIB and an external fund manager will allow for the flexibility and strategic consideration needed to make the EIC a success and expresses the worry that the EIC Fund will simply become another EIB-backed VC Fund;*
- 7 a. *Underscores that the EIC Board’s strategic advice needs to be more thoroughly implemented in the work of the EIC, including its recommendations to increase diversity and the inclusion of participants from widening countries to realise the potential of innovators across Europe and to foster practical collaborations with the European Institute of Innovation and Technology (EIT);*

EIC Fund as sole investor

8. *Is deeply concerned about the apparent policy for the EIC Fund to never be the lead investor in an equity round, in particular in combination with the requirement for companies to bring in matching co-investment from external investors; believes this goes against the strategic objectives and main logic of the EIC; Highlights the fact that this was not the policy at the beginning of the EIC pilot and that this policy change was introduced with retroactive effect to applications submitted before the policy change. Is deeply concerned about the fact that this created cash flow problems for many applicants as well as about the fact that only a third of the committed equity investments have actually been turned into payments to companies; Emphasises that co-investment should not be an upfront requirement for projects but rather an objective of the EIC fund during the lifetime of the grant project;*
- 8 a. *Recalls that the EIC can be the sole investor, taking on all the risk of an investment, in line with Regulation (EU) 2021/695. Notes that this role seems to be implemented only*

⁹ <https://sciencebusiness.net/news/commission-says-european-innovation-council-grant-logjam-end-june>

by providing convertible loans, while requiring matching co-investment for any equity investments; Notes that more than 50% of all investments under the equity component so far have been in the form of convertible loans; Highlights that one of the reasons for establishing the EIC was that Europe lacks risk capital investors and particularly risk capital investors with expertise in deep-tech markets. Notes in that regard that a dysfunctional market cannot be fully relied on as an effective mechanism to steer EIC investment and exit decisions; Warns, in this regard, that a requirement of qualified co-investment could exacerbate the market failure the EIC was set up to address;

8 b. *Notes that the practice of requiring co-investment turns the EIC in a follower investment, which puts it at risk of either:*

aa. offering free and partly exclusive access for private investors to excellent investment opportunities - which creates a risk of distorting the European venture capital market while at the same time reinforcing the relative risk-averse nature of the European market;

bb. or, the EIC becoming redundant because the lead investor is setting the pace and standard for investment rounds, which puts in question why startups would need the EIC at all;

8. d. *Is alarmed by the practice of converting convertible loans for companies that did not manage to attract additional investment to equity based on a valuation established at the time of granting the loan rather than on a valuation at the time of converting the loan. Points out in this regard that the EIC was set up to facilitate development and scaling of startups exactly in the phase where valuations can go up at a high pace because the risk of a technology is brought down rapidly and market entry comes closer. Concludes, therefore, that relying on an old valuation goes squarely against the objectives of the EIC. Furthermore, points out that the EIC Fund is supposed to take risk but by using convertible loans, most of the risk is essentially moved to the applicant;*

9. *Recognises that an external lead investor brings added value because this lead investor can have highly specialised knowledge of the market segment relevant for a specific investment, and the EIC Fund, due to its size as well as general nature, cannot match this specialised knowledge. Therefore, the specialised lead investor will be of more added value to the company's development than the EIC Fund would be. Further recognises that having an external lead investor guarantees that the valuation as well as other terms of investment are set by the market;*

10. *Firmly rejects the notion that the EIC Fund cannot be the sole investor or the lead investor; emphasises that the ability to invest even when the market is not ready to do so is one of the key justifications for the existence of the EIC; concludes that the investment policy of the EIC Fund should explicitly allow for the possibility that:*

a. the EIC Fund is the sole investor through convertible loans or, in specific cases, through equity investments;

b. the EIC Fund can lead an investment round;

c. the EIC Fund can be the biggest investor while not being the lead investor.

10 a. Notes that point 1.2.3 of Annex I of Council Decision (EU) 2021/764 requires the EIC Fund to define and implement an exit strategy for its investments. Observes that no such strategy seems to be in place;

Implementation flaws

Application procedure

-11. Emphasises the importance of an accessible and effective application procedure for a Programme that aims to attract the most ambitious innovators. Notes that the procedure can still be improved along the following lines:

a. both mono- and multi-beneficiary proposals should be facilitated in the application procedure - this requires a dedicated proposal template for both types of application;

b. all information needed for a successful application should be available in a coherent manner. Currently, the information is spread across several documents which makes preparing the application unnecessarily cumbersome;

11. Notes with concern that *evaluators are giving confusing* signals to stakeholders regarding the appropriate risk and bankability of EIC Accelerator proposals; affecting specially to the participation of under-represented regions and woman-led companies; recalls that one of the core principles of the EIC is the ability to take risk; recalls further that point 1.1.2 of Annex I to Council Decision (EU) 2021/764 identifies providing funding to non-bankable projects as a core objective of the EIC Accelerator; is deeply convinced that the EIC Accelerator can only be successful if there is a clear policy and communication on the appropriate risk for and bankability of EIC Accelerator projects;

11 a. Is concerned about the apparent lack of transparency in the management of the programme as reported by stakeholders. Highlights two main concerns of the stakeholders:

a. lack of transparency on how the topics for Pathfinder Challenges are selected;

b. lack of transparency on how the Programme Managers implement the portfolio management, in particular in the proposal selection phase;

11. a. Stresses the importance of a reliable time-to-grant promise. Highlights in this regard that for the evaluation of the 2021 Pathfinder Open call took more than 5 months, while Article 31 of Regulation (EU) 2021/695 requires that applicants are informed within 5 months about the outcome of the evaluation process;

11. c. Shows concerns regarding the EIC Accelerator submission process, that has been made longer and more complex by using several steps and an own EIC platform, outside the official Funding & Tender opportunities Portal; Considers that the submission and evaluation process for an innovator-centric EIC Accelerator should be easy to understand for entrepreneurs as well as scientists, minimal in terms of time needed to be invested, fair and transparent, and in line with industry standards;

11. d. Is deeply concerned about the functioning of the AI Platform. Notes in this regard that both applicants and evaluators voice concerns about the Platform;

- 11. e. Highlights that the online form is time consuming, has no flexibility in terms of presenting the information (no formatting or images possible) and uses jargon needlessly. Notes that the resulting 'Business Plan' does not seem to be according to industry standards nor is it a format which is user friendly for evaluators or project managers;*
- 11 f. Draws particular attention to the increased number of pages, 120-200 pages, compared to the EIC Pilot, 50 pages, while considering that evaluators have 36 minutes to evaluate a full (second stage) proposal. Is concerned that this is one of the causes for dissatisfaction of stakeholders regarding the quality of evaluation;*
- 11 p. Notes with concern that a single No-Go in the second stage of the evaluation process is sufficient for an application to fail. Regards this disproportional, considering that three evaluators assessing the proposal and all give a Go/No-Go on three separate evaluation criteria.*
- 11 f. Appreciates, together with most stakeholders, the introduction of the rebuttal procedure as it potentially contributes to ensuring a better evaluation procedure. Notes however that improvements are needed as many stakeholders report that it is unclear what happens with rebuttal remarks provided by applicants as well as that applicants have very little time to prepare their rebuttal. Stresses that the introduction of the rebuttal procedure has been noted as one of the causes for the longer time-to-grant. Calls on the Commission to improve the rebuttal procedure to become more meaningful and to be completed in a shorter timeframe to maintain the time-to-grant while allowing sufficient time to prepare the rebuttal;*
- 11. g. Is concerned about the increasing need for applicants to hire consultants to manage the application procedure due to complexity;*
- 11 g. Recognises that in order to facilitate the agility and pace of the EIC and deep-tech startup development, individuals employed by research organisations should be able to use the results of research projects to create startups. Welcomes in this regard the introduction of the concept of 'EIC Inventor' in the Model Grant Agreement and 2022 Work Programme. Regrets that this introduction is accompanied by uncertainty about the legal consequences of this concept for the research organisations;*

Other individual issues raised

- 11 h. Emphasises that the concept of 'EIC Inventors' should lead to fruitful use of research results to develop economic activities. Concludes therefore that it should not undermine the use of the results by other experts within the research organisation or by the research organisation itself to develop economic activities. Believes that broad access rights, without time limitation, for EIC Inventors is justified only in cases where the research organisations do not provide the support needed for individual researchers to use the results to develop economic activity. Therefore, these access rights should be granted to EIC Inventors on a case-by-case basis when it is evident that the Inventor lacks the support needed within the research organisation;*
- 11. b. Regrets that the low success rates of the programme (6-10%) leads to too many high quality proposals not being funded. Highlights that low success rates represent a loss in terms of potentially deeply transformative innovations not being developed further*

as well as in lost time and money invested in preparation of proposals. In this regard calls for the use, where appropriate, of two-step applications to limit the loss of time and money invested in proposal preparation;

- 11. h. Emphasises that Europe's innovative capacity, economic growth and resilience is undermined because of the low participation of women in the startup and VC scene. Welcomes in this regard the efforts made by the EIC to promote woman leadership and participation in startups and VC. Regrets that this has not yet resulted in sufficient change. Points in this regard to the fact that of investments raised by European startups in 2021 only 1.8% was raised by all-women-founded startups and merely 9.3% was raised by mixed-gender founding teams¹⁰;*
- 11 q. Points to the importance of the EIC Board as principle advisor to the European Commission regarding the implementation of the EIC as well as the development of broader innovation policy, particular with regards to improving the innovation ecosystem in Europe as well as identifying strategically relevant technologies. Stresses that the EIC Board should be fully and timely informed, both by the EISMEA and other Commission services involved, on all developments in the implementation of the EIC, as well as be presented with any and all information regarding the EIC it requests;*
- 11 j. Notes that the EIC Transition is formally part of the EIC Pathfinder, while it is implemented as a separate programme part. Considers that the Transition calls represent less than 10% of the EIC budgets under the 2021 and 2022 Work Programmes. Points out that the Transition calls are the only ones to which the fast track to research and innovation procedure is applied. Endorses the use of this procedure for the Transition call. Calls on the Commission to widen the use to more Pathfinder calls;*
- 11 s. Highlights that the 2022 Work Programme refers to the Do No Significant Harm Principle both as an evaluation criterion for the EIC Accelerator and as an eligibility criterion for the EIC in general. Is alarmed by this requirement to comply with the Do No Significant Harm principle as enshrined in Regulation (EU) 2020/852, known as the EU Taxonomy, is applied to all calls regardless of content or maturity. Recognises the usefulness of the Principle to guide the selection of projects under calls of which the content directly relates to the environmental objectives of the Union and which are close to market deployment. Emphasises that there is no legal base for a blanket application of this additional eligibility criterion to all calls.*
- 11 t. Welcomes the efforts within the EIC to develop a suitable framework for the evaluation of the EIC's performance. Highlights that the unique nature of the EIC requires a tailor-made approach to monitoring the performance as well as the use of the outcome of the monitoring in order to ensure the EIC is a top performer in the market;*

Recommendations

12. Calls on the Commission to re-assess its implementation of the EIC Fund *in the frame of the Horizon Europe programme* and to find a *proper* new management mode that reflects the ambitious and transformative nature of the EIC *as the investor of reference to breakthrough innovation in Europe*; urges the Commission to include in this new

¹⁰ <https://europeanwomeninvc.idcinteractive.net/>

approach *the following principles*:

- (-a) *Ensuring the implementation of both the equity and grant components are in full control of the Commission, which should also ensure that there is a direct coordinating line between the implementation of the two components as well as the ability of the Commission to intervene at any stage of the investment cycle to secure investments of strategic importance are made;*
 - (a) *Ensuring a role for the EIC Fund Board and independent expert evaluation by the Investment Committee to closely monitor the fulfilment of the EIC fund investment guidelines, while relying on the EIB team and the external fund managers for day-to-day management of the operations;*
 - aa) *Making full use of the added value of co-investment by external investors, while maintaining the possibility for the EIC Fund of:*
 - 1. *being the sole investor, including through taking equity without co-investment from external investors being required;*
 - 2. *being the major investor without leading the investment round;*
 - 3. *leading an investment round.*
 - (b) *an investment strategy for equity investments based on milestones reflecting the merits of the innovation as well as the strategic objectives of the Union rather than solely on the willingness of other investors to join the investment round and which would encourage the EIC fund to take risk as sole investor, particularly to boost the successful participation of under-represented regions and women-led companies, which face even more difficulties to finance their start-ups;*
 - (c) *an exit strategy for equity investments of the EIC Fund which takes into consideration the strategic objectives of the Union;*
 - (e) *maintaining the construction that allows the EIB team to be embedded in the Agency to deliver the high quality due diligence. Requests the Commission to build on this successful collaboration and agree on an arrangement with the EIB to have the embedded EIB team representing the EIC Fund in board meetings of investees;*
 - (g) *ensuring an efficient collaboration with National Contact Points as well as regional authorities if applicable;*
- 12 a. *Urges the Commission to enter into an open dialogue with the European Parliament, the relevant Programme Committee and the EIC Board to develop an alternative long-term solution for the structure of the EIC Fund which fully respects the relevant Union legislation as well as the above-mentioned principles; Recommends that a thorough assessment is made of possibilities to improve EIC's implementation, considering as an option to establish an independent Union body under Article 187 TFEU as the main entity responsible for the implementation of the EIC; underlines the need to ensure that in any case, applicants are treated equally, and the implementation ensures transparency, accountability and prevention of conflicts of interest; recommends that*

if the thorough assessment finds that this body is the best institutional setting to deliver the implementation of the Accelerator along the lines set out above, it should be set up as soon as possible;

- 12 a. Calls on the Commission to pay special attention to the promotion of women across the innovation sector while aiming to achieve gender parity, in all relevant positions, as well as geographical balance across the Union's regions of EIC beneficiaries; Particularly requests the Commission to include in the EIC Work Programmes specific measures to address both issues within the context of the EIC.*
- 12 a. Recommends that an InvestEU compartment is explored outside of the EIC fund, for companies which just need a matching fund to complete their upscaling rounds.*
- 12 a. Calls on the Commission to clarify rules and procedures regarding the interpretation of non-bankability and co-investment criteria, enhancing communication and better involving national contact points.*
- 12 a. Calls on the Commission to apply the DNSH principle for calls of which the content directly relates to the environmental objectives of the Union and which are close to market deployment, and refrain from the use of the DNSH principle as additional horizontal eligibility criterion for all EIC projects.*
- 12 b. Calls on the Commission to adapt the Model Grant Agreement to include a clear definition of 'EIC Inventor' and to stipulate a clear policy on access rights for EIC Inventors which only provides broad access rights to EIC Inventors when a research organisation does not have an active policy and structure in place to support the use of research results for economic activities.*
- 12 c. Calls on the Commission to instate a system of continuous and agile evaluation of the performance of the EIC and particularly of the Accelerator.*
- 12 d. Calls on the Commission to include a rigorous and continuous assessment of the evaluation procedure, taking into serious account complaints raised by applicants that can show clear inconsistencies in the evaluation of their proposal. Invites the Commission to inform the Parliament on how it handles individual complaints that demonstrate a clear failure by the evaluators.*
- 12 e. Calls on the relevant Union bodies, including the European Court of Auditors and the EIC Board, to develop a dedicated auditing strategy for the EIC which reflects the particular nature of the EIC.*
- 13 b. Calls on the Commission to include measures to improve the participation of SMEs and to make the EIC accelerator accessible and attractive for innovative SMEs, by the simplification of the application process to decrease barriers for SMEs.*
- 13 b. Calls on the Commission to ensure that the instrument supports a wide range of projects in terms of their scale, so that small companies developing and scaling-up high-impact innovations could have equal access to it.*
- 13 c. Calls on the Commission to revise the EIC Accelerator current submission process and its time to grant, aligning the EIC platform to the evaluation criteria of the EIC*

Accelerator. Such revision should aim for a fast and simple instrument fit for the needs of European deep-tech startups, reaching a targeted time to grant of 4 to 5 months.

13 f. Calls on the Commission to improve the synergies and collaboration with the EIT; With the aim of avoiding silos and the duplication of efforts and strategies, the EIT and EIC should envisage reciprocal and systematic exchanges of information, as well as having a common member in each of their governing board.

14. Instructs its President to forward this resolution to the Council and the Commission.