



# EIC Board Statement

## Recommendations for increasing participation of high potential innovators from widening countries to EIC programmes

31 July 2023

### 1. INTRODUCTION

The EIC Board established the EIC Working Group 'Improving Participation of Innovators from Member States Widening Countries'<sup>1</sup> in order to advise the European Commission on strategies and initiatives that could be used to increase the number of applications and success rates for innovators in widening countries. This statement is based on the work and the research done in the context of this group.

In the context of the Horizon Europe programme (of which EIC is a part), the widening countries are Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia. These 15 widening countries account for approximately 30% of the European Union with a population of roughly 124 million.

### 2. Core issues identification

The EIC Board welcomes the steps that have been taken to date to improve participation of high potential innovators from widening countries, including funding to NCPs and the Enterprise Europe Network to build capacity and support applicants, the "Hop On" scheme to fund additional partners from widening countries to join EIC Pathfinder projects, and dedicated local communication and outreach measures. These activities resulted in an improved level of participation. For the EIC Accelerator, the share of short applications (Step 1) increased from 16% to 21% from 2021 to 2022, and the share of full applications increased from 11% in 2021 to 14% in 2022.

At the same time, in respect with the share of funding, only 7.1% was allocated in 2022 to widening countries under the Accelerator, with seven countries not being represented. As for the EIC Pathfinder, the share of funding was 8.5% in 2022.

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<sup>1</sup> Members of the EIC Board working group: Ana Barjašić (Chair), Taavi Madiberk (Vice-Chair), Liene Briede, Lars Frølund, Radoslav Georgiev, Cristina Riesen, Špela Stres

While excellence is EIC's main criteria to select top European innovators, it is important to highlight that local ecosystem maturity is not balanced across the European Union. Based on the analysis performed by the Widening Countries Working Group of the EIC Board, several core issues were identified behind the discouraging results coming from the widening countries in the context of the EIC.

**ISSUE #1:** The levels of knowledge and engagement with the EIC programmes vary significantly across European countries. Not all NCPs and local entrepreneurship support organizations are able to properly communicate EIC programmes to entrepreneurs and to effectively support their applications.

**ISSUE #2:** The EIC Pilot Evaluation survey (2018-2020) shows that 52% companies use consultants to apply to EIC instruments. However, there are very few experienced consultants in widening countries effectively supporting innovators to apply for EIC funding. In some cases, entrepreneurs report that the requested remuneration is abusive, and fees charged are outrageous (including requests for equity), with no valid alternatives.

**ISSUE #3:** A significant number of entrepreneurs from widening countries report feeling discouraged to invest money and time in the application process as they believe only participants from certain non-widening countries are selected. The perception of their potential success is suboptimal.

**ISSUE #4:** Unconscious bias based on the country of origin of an applicant was identified in a recent study<sup>2</sup> led by the experts from the London School of Economics and Political Science. Since the EIC selection process is very competitive, even a small decrease in score affects final results.

**ISSUE #5:** Diversity and representation among remote evaluators and jury panels is not ensured in all instances, as there are fewer evaluators from widening countries than from non-widening countries. In addition to possible biases, an uneven composition of jury panel/evaluators may result in a reduced understanding of applications from widening countries.

### 3. Recommendations

Following the analysis of these core issues, the EIC Board recommends a number of urgent actions are taken with the **overall goal to increase the participation of widening countries to a share of at least 15 percent** of funding across all EIC instruments.

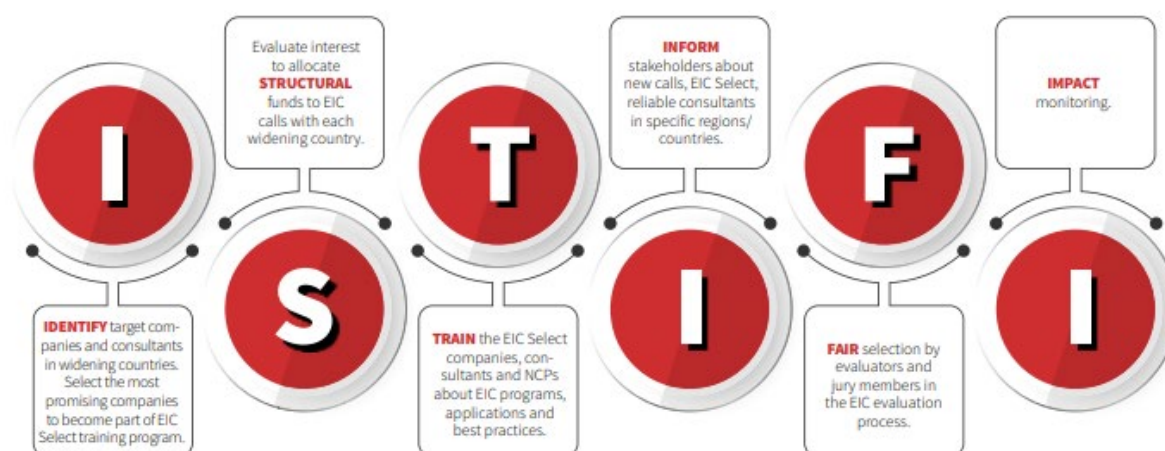
The recommended actions are divided into six key areas:

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<sup>2</sup> In the study EIC evaluators were provided with a fictitious proposal where the country of the applicant company was randomly changed to one of four Member States, two of which were widening countries. In most cases, the change in country of origin did not affect the assessment of evaluators on the proposal, but in the case of one of the two widening countries, there was a lower assessment, statistically significant at  $p < .10$ .

## KEY AREAS FOR ACTION

### EIC WIDENING ACTION PLAN



#### 1) Identify

Actively identify high potential companies in all widening countries to apply for the EIC calls. Curate these lists in dynamic databases, containing also key stakeholders, such as incubators, accelerators, consultants. The databases can be managed by the EIC or an external entity, and populated by NCPs and EEN members. As a result, prospective EIC applicant companies can be invited directly to specific trainings.

The EIC Board has approved a draft Code of Conduct for consultants, which subject to comments received during its public consultation, could play an important role to help applicants in identifying experienced consultants from or working in widening countries.

#### 2) Structural funds

Several widening countries have expressed interest in allocating a percentage of own structural funds to be transferred for management by the EIC. Such budget need be used to support companies only from the country or region transferring the budget, and be complemented where possible by additional Horizon budget. The budget can be used to fund companies which received the Seal of Excellence, but no funding, as well as to create a "pre-accelerator" scheme for high potential companies which require further support to reach the technological readiness level needed for the EIC Accelerator.

#### 3) Inform

Using the database of the EIC selected companies and including relevant information from key stakeholders from widening countries, the Commission and EISMEA can regularly inform the community about upcoming calls and opportunities, complementing therefore the role of NCPs (especially helpful where the NCPs lack the necessary resources).

#### 4) Train

We strongly recommend that the Commission and EISMEA develop effective online training materials, designed to inform and motivate potential applicants, detailing in an

entrepreneur-friendly way all EIC programmes, application forms, and participation rules and timelines. For ongoing optimization of communication materials, after each training session, companies can complete a short knowledge assessment survey.

As a result, even if a company contracts consultancy services to prepare the proposal, it is much better positioned to participate in the proposal writing and the negotiation of terms and conditions. Similar trainings (e.g. train the trainers) can be developed for main stakeholders, such as NCPs, EEN, consultants and relevant EIC ecosystem partners.

## **5) Fair**

To ensure a fair evaluation process for all applicants from widening countries, we highly recommend that:

- the number of evaluators and jury members from widening countries is at a minimum of 30%, with a good representation from each widening country.<sup>3</sup>
- The evaluation panels continue to be gender balanced.<sup>4</sup>
- All evaluators and jury members undergo mandatory bias training

EISMEA can identify and exclude any evaluators or jury members that show bias from the evaluation process.

## **6) Impact**

The suggested actions and their impact need to be monitored on a regular basis by EISMEA and inform the EIC Board, so further recommendations can be made if needed.

We recommend that the EIC impact report includes an analysis of the relative impact of investment in companies from widening countries compared to non-widening countries.

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<sup>3</sup> For example, the share of remote evaluators from widening countries for Step 1 and full applications from the EIC Accelerator is already above 30%, but for Jury members the share is below 20% and so urgent action is needed to recruit more suitable qualified jury members from widening countries.

<sup>4</sup> E.g. at least 45%. The current share of women is 52.7% in the pool for Step 1 evaluators, 48.2% in the pool for full proposals, and 44.5% in the pool of Jury members.