

EUROPEAN INNOVATION COUNCIL - EIC BOARD

Ad Hoc Meeting

Online; Friday, 27 January 2022, 9:30 – 11:30 (CET)

Draft minutes (for comment)

1. Welcome and introduction

Mark Ferguson, interim Chair of the Board, welcomed the participants and recalled the role of the Board as regards the EIC strategy and implementation, and, more broadly, on EU innovation policy

2. Approval of the agenda and minutes of previous meeting

The agenda for the meeting and the minutes of the previous meeting were unanimously approved.

3. EIC investments & EIC Fund

Jean-David Malo, Director of the EIC & SME Executive Agency (EISMEA) introduced the most recent developments in EIC investments and the operations of the EIC Fund. The Head of European Innovation Council Department, of the EIC & SME Executive Agency presented in more detail what has been achieved so far under the EIC pilot, the current governance structure, the state of play as well as the proposed next steps for the restructuring of the EIC Fund.

Board members welcomed the progress made during the pilot phase, which has been successful with regard to the investment made in high risk startups and the crowding in of institutional investors. They noted that the experience with the EIB had been largely positive, as the EIB had set up a dedicated team who had quickly built up knowledge and fast processes for investment decisions. At the same time, it was noted that the investment committee should remain independent of the EIB to ensure good governance.

The Board voiced concerns about the reputational damage being caused to the EIC by the current delays experienced in EIC Fund investments, due to the internal Commission discussions about the EIC Fund. Board members noted an increased quality of companies selected under the EIC Accelerator in 2021 compared to the pilot phase, and it was therefore of great concern that these companies were having to wait for investments to materialise.

Board members were insistent that the proposed transition arrangements would allow a fast restart of EIC Fund investments. They advised that the restructured Fund should make use of the experience and expertise built up during the pilot and should avoid having to restart from scratch with a new team. In addition, Board members wanted to ensure that there would not be further delays in moving to the long term solution, as this would undermine the reputation of the EIC even more.

Board members voiced a number of serious concerns about some elements of the possible long term solution and in particular of the possible “distributed leg” whereby EIC investments which are mature for co-investment would be distributed to private VC funds accepted by the

EUROPEAN INNOVATION COUNCIL - EIC BOARD

EIF to manage the EIC investment while others would be retained by the EIC Fund. The Board considered that this could be perceived as a two tier system of “good” and “bad” investments propositions. Moreover, the complexity of involvement from the EIB, EIF, EIC is undesirable and likely to lead to confusion, unnecessary bureaucracy and be time consuming and expensive. The Board also highlighted that this complex 2 tier approach would be unattractive for entrepreneurs, who would find it complex, time consuming and would not know who will be the final shareholder of their company. Placement in the ‘bad’ fund may cause them a reputational harm and make it more difficult for them to secure future private investors. The new proposed structure could also be particularly problematic in attracting companies with female founders and from widening countries. Moreover, Board members commented that the EIC should be open to work with all investors from across Europe and the world, and should not give favourable treatment to a preselected set of VC Funds. Furthermore, in their opinion, the experience of the pilot showed the importance of a single team, which can build up expertise and a consistent approach to early-stage, high risk, deep tech investments. The Board asked for further information to understand the reasoning, constraints and criteria to be met in designing the long term solution. The Board felt strongly that the proposals described would not allow the EIC to develop optimally in line with its legal mandate and were a regressive development from the successful pilot.

Mr Malo, together with the Head of Department European Innovation Council and the HoU of Innovation Policy, Investment Agendas & Access to Finance (European Commission) replied to the points and explained that the Board advice is important to improving the EIC Fund. They highlighted that the set up from the pilot phase is not sustainable and needs to be made fully consistent with the Horizon Europe legal base, including preserving the policy objectives of the EIC (to provide timely and patient equity investments to high-risk companies delivering breakthrough innovations). They also confirmed that from the perspective of applicant companies, the restructuring needed for the immediate transition phase would not represent any major change.

As next steps the Board decided to:

- Support the fast implementation of the transition solution, which to the maximum extent possible should build on the learnings and experience of the EIC pilot (and avoid the problems linked to a re-start from zero, and have the maximum continuity possible so that both the backlog which was created by the pause and future investments could be made quickly and efficiently); and
- Set up an EIC Board working group to look in more detail at possible long term solutions for the EIC Fund, to understand better the constraints that need to be taken into account, to provide entrepreneur and investor perspectives, and to advise on a constructive way forward.

4. EIC Work Programme 2022

The Head of Unit for the EIC Board & Strategy (EISMEA) presented the current status and main novelties of the EIC Work Programme 2022. He highlighted the strong continuity with regard to the 2021 EIC work programme but with improvements in application processes (e.g. rebuttal procedures under the EIC Pathfinder, resubmission procedure for the EIC Accelerator), the introduction of regular cut-off dates for EIC Transition, and the priority to

EUROPEAN INNOVATION COUNCIL - EIC BOARD

foster the number of women-led projects and companies that are invited to jury interviews. He noted that EIC prizes will continue under the present format but will reinforce the business offer of the EIC Marketplace online platform and will provide enhanced access to public procurements for EIC companies. He also highlighted the new support actions on EIC Scale up 100 and the pilot gender and diversity index that respond to recommendations by pilot Board working groups.

The Head of Unit for the EIC Board & Strategy, briefly presented the arrangements for the launch of the EIC Work Programme and outreach actions on EIC investments. Members will be informed and receive a dissemination package in due time from the Secretariat.

Board members praised the different actions foreseen under the work programme and expressed a general satisfaction as regards the programme's content. The Board gave a unanimous positive opinion on the EIC Work Programme 2022.

5. Next steps

The Secretariat informed Board members that the next meeting will take place in Paris, on 11 March.

List of participants

Members of the Board (all in personal capacity)

- Ana BARJASIC
- Bart BECKS
- Kat BORLONGAN
- Liene BRIEDE
- Carsten DREHER
- Mark FERGUSON
- Lars FRØLUND
- Radoslav GEORGIEV
- Jan GOETZ
- Hermann HAUSER
- Vicky KEFALAS
- Taavi MADIBERK
- Marja MAKAROW
- Ana MAIQUES VALLS
- Francesco PROFUMO
- Cristina RIESEN
- Kinga STANISŁAWSKA
- Bruno SPORTISSE
- Anita TRAASETH

Apologies

- Špela STRES

European Commission

DG Research & Innovation

- HoU Innovation Policy, Investment Agendas & Access to Finance
- Policy Officer, Innovation Policy, Investment Agendas & Access to Finance

EUROPEAN INNOVATION COUNCIL - EIC BOARD

- Adviser for European Research Area (ERA) & Open science

EIC & SME Executive Agency

- Jean-David Malo –Director
- Head of Department European Innovation Council
- Head of Unit EIC Board, Strategy and Feedback to Policy
- Head of Unit EIC Accelerator
- Head of Sector EIC Fund and R&I Investments
- Senior Project Advisor - EIC Fund and R&I Investments
- Project Advisor - EIC Fund and R&I Investments
- Seconded National Expert - EIC Fund and R&I Investments
- Head of Sector External Communication
- Policy Advisor –EIC Board
- Policy Officer –EIC Board
- Policy Advisor