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## European Innovation Council Board: towards an expanded and enhanced EIC

### Executive Summary

The European Innovation Council is a game-changer. It has in a short time helped position Europe at the leading edge of the next generation of deep tech innovation. However, for Europe to identify and scale the next generation deep technologies, the **mission of the EIC must be expanded with a budget to match** these heightened ambitions.

In this paper, we the EIC Board, put forward five key recommendations and associated actions that can underpin such an enhanced mission:

- (i) while retaining its openness and integrated structure that cover the different technology and business readiness levels, the **EIC must adopt a more ambitious Challenge model**, inspired by ARPA, to identify and scale the next generation of deep technologies.
- (ii) the **EIC Fund**, which has in a short time become one of Europe's largest deep tech investors, **must be expanded** to both catalyse early-stage investment and ensure the provision of follow-on and growth stage financing, which is essential for deep tech startups and SMEs scale in Europe.
- (iii) EIC **operations must be optimised** with innovators in mind, with the necessary agility to align with market requirements.
- (iv) **stronger synergies** should be sought with European, national, and regional initiatives to accelerate the flow of ideas from research to commercialisation.
- (v) the EIC must **stand at the forefront of experimentation** with a clear mandate to adapt to evolving innovators journeys and that of end users and policymakers alike.

### Introduction

The European Innovation Council (EIC) has proven itself to be integral to achieving Europe's deep tech ambitions, as called for in reports by Mario Draghi, Enrico Letta and the High-Level Group chaired by Manuel Heitor. It has a pan-European reach, attracted over 20 000 of Europe's best start-ups and innovators, taken early-stage risks in nearly 600 research projects and 700 startups and SMEs that would otherwise remain unfunded or under-funded, and

leveraged over 3 times the EU investment from other investors to scale up successful companies.

The EIC's full suite of complementary instruments help commercialise breakthrough early-stage research ideas and scale companies by catalysing cross border investments by working with the most active Venture Capital Funds in Europe. The integrated structure of EIC instruments that cover the different technology and business readiness levels, with distinct schemes, Pathfinder, Transition and Accelerator, and associated entry points complemented by its Business Acceleration Services, ensures a structured innovation pipeline that supports the European innovator's journey. Furthermore, the mix of 'Open' (bottom-up) and 'Vision' oriented funding enables disruptive innovations to emerge from radical, high-risk ideas at the intersection of scientific disciplines that require speed and agility alongside a degree of independence from political priorities.

However, as noted in the Commission's recent Startup and Scaleup Strategy, the global race for developing and scaling the next generation of deep technologies is accelerating and Europe's future competitiveness, growth and prosperity is contingent on taking bold action to make Europe the ultimate destination for launching and scaling deep tech startups.

We, the EIC Board, therefore welcome the recognition of the role the EIC can play in the future, and the ambitions of the Commission President von der Leyen and Commissioner Zaharieva to expand the scope and impact of the EIC. In this paper, we have consolidated our earlier advice to the Commission on the enhanced mission for the future EIC for publication, encompassing the need to build on the current strong foundations with both new and enhanced instruments.

### **Key recommendations for an enhanced EIC**

The EIC, under Horizon Europe, has sharpened its focus on "deep tech" innovation and economic security, meaning innovations that are:

- + positioned at the knowledge frontier with long and uncertain R&D cycles;
- + faced with a long and deep valley of death and initial market failures;
- + related to tangible products and industrialization processes;
- + linked to the ecosystem and especially to Higher Education Institutions;
- + problem oriented or mission-driven; and
- + focused on the creation of an "option space" and a dynamic de-risking cycle

We believe this is the right approach, which in future should be further focused.

**We recommend that the EIC focuses on investing in deep-tech innovation that significantly enhances Europe's future competitiveness and economic security.**

To achieve this overriding objective, we recommend that the EIC:

## 1. Embrace support for high risk, high impact deep tech innovations by introducing ARPA style operations and capabilities

The so-called ARPA model for supporting breakthrough innovation revolves around novel approaches for supporting the development of technologies and bringing these to the market. The main components encompass the creation of challenge-driven programmes, active portfolio management of funded projects, transition activities to help bring these breakthrough ideas to the market, and the employment and empowerment of Programme Managers (PMs) who bring these elements together into a complementary set of activities.

Inspired by the ARPA model, one of the major novelties of the EIC has been the introduction of PMs, to support the identification and directionality of breakthrough technologies. The impact of the EIC PMs is now evident with strong portfolios of activities in strategic areas such as biotechnology, energy storage, and quantum technologies. Despite this progress, significant challenges remain in fully defining their role and equipping them with the necessary resources and responsibilities to drive the pipeline of the EIC from the first research results towards the first impact on the market, and to leverage the capabilities of PMs, rolling programming and associated features that make EIC the best equipped part of Horizon Europe to deliver more ambitious ARPA-like programmes.

To do so, EIC Challenges within Pathfinder and Transition must be replaced by **more ambitious ARPA-like vision-driven initiatives**, building on the pilot 'Advanced Innovation Challenges' in EIC Work Programme 2026.

These new **Challenge competitions must complement the existing bottom-up approach**, which is to be preserved, as called for in several reports. These vision-driven initiatives will require the Commission to provide PMs with greater autonomy to define and deliver ambitious Challenges during the next framework programme. For this, we recommend:

- having a two-step process that first provides endorsement of broad areas for EIC Challenges based on the EU's strategy on strategic technologies. Second, it should give the PMs the freedom to define the specificities of their vision within these broad strategic domains including the quantitative metrics of success against which they can perform active portfolio management;
- providing PMs with the freedom to mix different types of instruments that span TRLs and instruments (grants, procurements, prizes etc.) to achieve the ambitions of their specific vision. This could also include a staged approach to the provision of support and a multi-year approach;
- enabling PMs to integrate 'Open' projects, provide top-up financing, the authority to re-orient or terminate project and support rapid transitions between instruments and/or follow on support (a 'Fast Lane') at scale without requiring additional applications, ensuring a more adaptive and responsive funding model that can boost the EIC's capacity to support radical early-stage innovation and ensure a more balanced opportunity to effectively translate breakthrough research into real-world impact; and

- enhancing the role descriptions, tenure and resources necessary for PMs to align with the duration of the programme of activities in their EIC Challenges.

## 2. Scale the EIC Fund and Establish a New Scale-up Fund

The EIC has become one of the largest deep tech investors in Europe and catalysed cross border investment within Europe with a growing cohort of co-investors which includes the most active VCs in Europe. The EIC Accelerator concept of blended finance (grant plus equity) has given start-ups the possibility to attract private VCs into more ambitious areas of deep tech. Its success has also allowed the EIC to assemble a Trusted Investors Network (TIN) cohort of over 100 investors from across Europe, mainly private VC funds, but also public investment banks and others, who collectively represent over €300bn of assets, who have committed to working with the EIC and help companies grow here in Europe.

This networking effect and catalysing function is a crucial part of the EIC's mission. However, while the initial idea of the EIC was to provide one-off support to startups, it is increasingly clear that many companies, in particular in deep tech, need the EIC to secure follow-on funding. The EIC Strategic Technologies for Europe Platform (STEP) call under Work Programme 2025 goes some way towards this by providing larger investments of up to €30m by the EIC fund with a view to supporting rounds above €100m for the scale-ups.

Further, the proposal under the Startup and Scaleup Strategy for a new Scaleup Europe Fund as part of the EIC Fund will provide additional firepower to catalyse even larger rounds as growth stage, scale-up financing remains sub-critical in Europe. This is essential to draw in institutional investors including pension funds and insurance companies who could provide essential growth capital, but whose potential remains largely untapped with less than 0.025% of assets invested into European VC.

**Leveraging the current EIC infrastructure for fostering such a market, with a range of complementary instruments** will enable the EIC to support companies critical to Europe's future economic security and strategic autonomy and avoid the risk of fragmentation through the creation of new thematic equity funds at EU level.

This can include two complementary strands:

- a. **Enhancing the EIC Fund activities** with faster syndication
  - maximising the use of TIN, opening up and connecting the EIC Fund portfolio to external institutional investors with shared interests;
  - becoming a data-driven institution to disseminate insights and educate the market around the attractiveness of deep tech as an asset class to the wider ecosystem - in particular to institutional investors and generalist venture capital funds in order to catalyse the crowding in effect;
  - expanding capabilities to facilitate the private market with thought leadership in technology verticals (e.g. quantum technology), reviewing the evolutions of tech verticals and helping define strategic investment priorities on a regular basis;

- enabling the EIC Fund to act as a lead investor where appropriate such as in strategic technology fields, where there is a lack of private market deployment and a need for bridge financing;
- streamlining governance structures and decision-making processes around investments with the EIC Fund such as through lighter due diligence processes when not leading investment rounds; and allowing the EIC Fund to take more shareholder control on scale up processes in those deals aligned with strategic priorities of the Union.

#### **b. Scaling the EIC Fund**

- making follow-on and larger investments, drawing on the experience of the STEP, a permanent and integral feature;
- implementing the proposed Scaleup Europe Fund as a new compartment within the EIC Fund, with market-orientated governance and management in order to crowd in capital from large private investors to create a fund of critical size for a diversified portfolio of major investments in Europe's most promising scaleup companies, including those stemming from the existing EIC Fund portfolio; and
- allowing the EIC Fund to operate as an evergreen fund re-investing returns from the current Horizon Europe and Horizon 2020 compartments.

### **3. Simplify and improve the quality of the innovator's journey**

The EIC has made strides in offering a simplified and coherent set of opportunities that will be attractive to innovators. However, **faster decision making, and a more user-oriented approach** is essential to improve the flow of ideas from early-stage research to commercialisation through the full suite of EIC instruments. This is also essential to leverage the research valorisation potential of the EIC through its Pathfinder and Transition schemes for ideas emerging from the ERC, other Horizon Europe pillars, alongside national and regional initiatives. In its absence, the breadth of deep tech ideas emerging from the EU's science base will not be sufficiently matured to deliver future EU leadership in the next generation of deep tech innovation.

To ensure that support from the EIC is reliable, agile, innovator friendly with flexible execution and management, processes must be designed with innovators in mind, meet the Key Performance Indicators (KPIs) set by the Board for operational excellence and aligned with the mission of the EIC. This requires:

- reform of the EIC's funding instruments discontinuing 'grant-only' support under the Accelerator with a better integration of the grant and equity support to target support at scaling companies and avoid 'grant-hunters';
- reduced number of steps and timeline in funding and investment decisions with fast-lane mechanisms between instruments, and within the new EIC Challenges, to facilitate smoother commercialisation pathways for promising projects;

- state-of-the-art user interface for the full innovator journey (applications, granting, investments, advisory services, reporting, etc) through use of AI assistants, real time monitoring of user behaviours and data;
- active learning from evaluations to continuously improve selection/ filtering at all stages, including guidelines for evaluators; and
- a clearer framework for resubmissions and the award of a Seal of Excellence as well as an easier uptake of the seal of excellence awarded projects and start-ups by Member States.

#### 4. Bring together European, national and regional innovation ecosystems

Innovation journeys should be accelerated by **building stronger synergies and sourcing** the most promising ideas and companies emerging **from Member States programmes, the ERC and other EU programmes**, supporting the European innovators journey. In particular, this must:

- ensure in the design of ERDF Operational Programmes that essentially all EIC Seals of Excellence from relevant regions are funded with the Seals awarded across all EIC instruments, enabling equal access to single and multi-beneficiary projects. This would build on the positive experience of the Weave initiative, which successfully connects existing and operational European research and innovation funding schemes through mutual recognition and coordination;
- encourage more countries to take the opportunity to transfer funds to the EIC to directly support companies in their regions as this will ensure fast implementation and greater visibility while also providing equal treatment with other EIC-backed companies with full access to EIC Business Acceleration Services which will strengthen the position of these innovators in the European innovation ecosystem;
- build on the successful synergies with ERC and improve the quality and flow of ideas stemming from the EIT and Pillar II of Horizon Europe into the EIC including its Transition scheme;
- improve and expand pathways from projects and companies supported by MS programmes and other national/regional innovation initiatives into the EIC, building on the experience of the “Plug-in” scheme;
- build on and leverage the European Corporate Network proposed under the Startup and Scaleup Strategy to facilitate co-investments, research and development collaborations, and commercial partnerships;
- create a network and ensure better cooperation of the EIC with the Technology Transfer Offices in Member States and regions as well as at RTOs and universities to enable the early detection of deep tech-oriented research and spin-offs to improve funding access and innovation pathways, building on existing connections between EIC Business Acceleration Services and TTOs;
- launch an EIC-industry liaison initiative to strengthen industry-academia collaborations by incentivising increased private sector involvement in Pathfinder and Transition funded research;

- build on the existing Ambassador and National Contact Point network to improve support at the national level and enhance the connectivity and coherence of support; and
- develop and disseminate strategic intelligence from the EIC portfolio to identify priorities and obstacles for ecosystem development, regulatory barriers, early warning signals etc. and strengthen synergies with other parts of the Research and Innovation Programme.

## 5. Stand at the forefront of experimentation

The EIC was a start-up. Established in 2021 it has continued to evolve introducing novel instruments such as the highly successful Transition scheme and has also responded to emerging needs and priorities by for example providing scale-up finance under the STEP.

This ability is an essential characteristic of a dynamic organisation with an entrepreneurial spirit. It must **stay attuned to the needs of its stakeholders, keep building on its experience and experimenting to provide leadership**. Moving forward this will require efforts to support the transition to market activities of the EIC including the work of the PMs to be expanded with graduated funding and diverse approaches to the sourcing ideas. This could be achieved by:

- 'Fast lanes' from the ERC to the EIC by expanding EIC Transition scheme to all ERC projects and enabling immediate follow-on funding without call deadlines;
- establishing an "EIC Embedded Entrepreneur Programme" for entrepreneurs to work inside Pathfinder projects to help develop innovation pathways (pilot in current programme);
- supporting diversity, by setting ambitious goals and taking action to increase investment in women led and diverse teams. These teams contribute to company growth and the EIC must look to capitalise on the flow of ideas from all its innovators;
- experimenting with the use of Advanced Purchase Agreements or Advanced Market commitments to incentivise innovations for public and corporate procurement; and
- re-shaping the Accelerator challenges into broader topical areas (focus areas) in order to allow for a wider range of applications by the European start-ups and form the core for later verticals in the EIC Fund.

Furthermore, this should be complemented by a more targeted, data-driven strategy for internationalisation to boost global visibility, foster strategic partnerships, and solidify Europe's status as an innovation powerhouse in a dramatically reshaped global environment. With clear priorities ranging from investor engagement to talent attraction the EIC will be better positioned to deliver meaningful results for beneficiaries and bolster Europe's global competitiveness. This should include a focus on:

- clear selection criteria for trade fairs and events that align with specific market needs and EIC objectives;



- a consistent framework for identifying global business expansion opportunities that directly address beneficiaries' market-entry needs with tailored support for scale-ups entering new markets; and
- showcasing Europe's strengths in deep tech innovation, cultural diversity, and robust funding frameworks to attract top-tier global talent with simplified pathways to streamline immigration and relocation services, reduce bureaucratic hurdles, and support family integration.

## A budget for an expanded EIC

The current budget of approximately €10 billion is clearly insufficient to address the political ambitions for an expanded EIC and a major increase should go hand in hand with the above recommendations. In assessing the future budgetary needs of the EIC in the next MFF (2028-2034), it will be important to factor:

- The overall budget for the next Framework programme.** If this is in keeping with the recommendations of the High-Level Group of €220 billion, the EIC budget should be considerably increased.
- The exceptionally high demand for EIC support where the success rates are now between 3 and 5%, a quarter those of the rest of Horizon Europe.** Achieving a more acceptable success rate (i.e. around 15%) in line with the rest of Horizon would require at least a quadrupling of the existing budget
- Comparisons with US agencies such as DARPA, ARPA, whose combined annual budget of around \$6 billion.** This is approximately four times higher than the EIC, and ten times higher than the EIC's Pathfinder and Transition activities (which correlate to the TRL levels of ARPA programmes). Matching the US levels of investment in disruptive early-stage innovation only (while EIC scope of intervention is broader, due to the Accelerator part) would require at least €5 billion a year.
- The urgent need for scale up funding, where there is major financing gap with the US and China.** The Commission's proposal for the Strategic Technology for Europe Platform (STEP) included €2.7 billion over three years for the EIC Fund to deploy larger investments up to €50 million. We agree that this would be a minimum and at least €1 billion/ year (i.e. 7 billion over the seven-year period) is needed to provide follow on and larger investments to scale up strategically important companies.
- The Scaleup Europe Fund will also require significant budget to attract contributions from other investors.** A budget of €3 to 5 billion should be considered from the EU side.

## Future Governance

The EIC is a success story, but delivering on the vision of an expanded EIC, will require an integrated and holistic EIC, covering the entirety of the innovator's journey. Its budget must be commensurate with its mission to ensure that success rates are in no way compromised and maintained at a healthy level to attract the best innovators, with no pre-allocation of funding by instrument. This budget must also be reliable and ringfenced to ensure the EIC has



the resources to fulfil its mission without any deviation to address important, but short-term political priorities.

EIC Challenges and Accelerator focus areas should be agreed at a strategic level with the Member States and Commission services beyond which there should be no requirement to consult and seek approval for initiatives under these themes to maximise agility and responsiveness of its interventions.

The EIC must also have clear and transparent reporting lines against well-defined KPIs covering all aspects of its activity to inform strategy and effective oversight by the EIC Board. The Board must also have a dedicated secretariat with a mandate to define priorities with the right of initiative.

*EIC Board statement, 1 July 2025*

## **Annex: The European Innovation Council 2021-2024 – Tasks and Achievements**

The European Innovation Council (EIC) is a flagship initiative of the European Commission to turn disruptive European science into groundbreaking commercial propositions and accelerate the scale-up of “game-changing” innovations. The EU took the welcome step of complementing the ERC, focused on scientific excellence, with the EIC, focused on innovation excellence and providing a strong voice for innovators in Europe.

To date, under Horizon Europe, the EIC has:

- + Funded 746 start-ups and SMEs under its Accelerator programme, with over 160 of these now having signed investment agreements.
- + Catalysed co-investment in European deep tech with a leverage effect of over €3 of additional private or other investment for every Euro investment via the EIC Fund.
- + Supported 183 projects under its Transition scheme with half of these originating from ERC Proof-of-Concept projects, and
- + Launched 402 Pathfinder projects taking forward ambitious frontier research into new technologies.

As of March 2025, there have been 22 Pathfinder Challenges and 14 Accelerator Challenges, along with 8 Transition Challenges and together with funding from the EIC’s Open calls, this has resulted strong portfolios, spanning TRLs in critical areas such as AI, Advanced Materials, Biotech, Clean Tech, Quantum, Semiconductors and Space.

When including the portfolio of companies and projects funded under the predecessor programmes, this sees an EIC with:

- + An overall portfolio value of EIC supported companies of nearly €30 billion, with companies attracting over €12 billion of follow-on investments, primarily from venture capital, corporates, and national promotional banks;
- + Over 70 “Centaur” (valuation above of €100 million), 6 of whom have a valuation above €500 million;
- + Companies averaging over 50% employment growth and 55% revenue growth in the first 2 years following EIC support;
- + Nearly 1300 unique innovations generated from EIC research projects (Transition, Pathfinder and predecessors);
- + Investments alongside over 600 VCs, corporates and strategic investors, including the 25 largest VCs in Europe;
- + 80% of equity investments catalysed by the EIC involve a non-domestic investor with a majority of these seeing flows of investment across Europe/ countries associated to the programme;
- + Strong portfolios of startups and technologies in all the critical technology areas identified for Europe’s future competitiveness and economic security, including quantum and semiconductors, artificial intelligence, energy generation and storage solutions, biotechnology and biomanufacturing, and advanced materials
- + Consistent outperformance of the market in supporting female led companies (over 20% of the portfolio) and supporting companies in 30 countries across Europe; and
- + EIC companies and projects matched to corporates, procurers and potential investors resulting in over 230 signed deals

These impressive early results and achievements have helped develop a pipeline of fantastic innovative ideas and new fascinating businesses, which starts to fill the funnel on the way towards potential breakthrough firms for Europe’s future. The EIC has passed its own start-up phase and has to scale-up itself on capabilities and tools. The EIC Board considers that all efforts have to be strengthened and expanded or newly developed in order to get on that new level and meet the challenges ahead.