

### 1. The goal of the EIC

The objective of the EIC is to identify, nurture and support breakthrough technologies and disruptive and market creative innovation including scale-up, from the idea down to market deployment. It will operate on an innovator-centric basis: whilst specific objectives may be identified and implemented via top-down calls, bottom up ones shall always be open so as to allow any innovation in any area or field to be proposed.

The EIC will mainly<sup>1</sup> implement 2 instruments:

- **the Pathfinder for Advanced Research**, providing grants to breakthrough ideas from TRL1 to 5/6, with the overall aim to nurture potential market-creating innovation.

As breakthrough technologies and disruptive innovation are not confined to single sectors and technologies and may also stem from serendipity research and developments, the Pathfinder will provide for a continuously open bottom-up call for proposals, with regular cut-off dates, as a means to stimulate and identify new trends or ideas as a call of expression of interest would.

Pathfinder's projects will also be selected through top-down calls, translating a given technological vision or targeting specific objectives, with the aim of developing portfolios of related projects.

- **the Accelerator**, providing either grants or tailor-made direct blended finance (typically a mix of a grant with equity, but any financial instrument should also be considered) to individual innovators and companies for their market-creating innovation, from TRL 5/6 to TRL 9 included. It will aim at bridging the "valley of death" of European Innovation, by stimulating entrepreneurship and compensate for the risk aversion of European Investors.

The Accelerator will be essentially bottom-up and react to any potential market creating innovation in need of support, although ad hoc top-down calls may be envisaged on the basis of an Union policy priority or with financing from other parts of Horizon Europe.

The EIC will present distinctive characteristics:

- Its instruments shall be interconnected, so as to provide a seamless support to innovators along the whole chain, but also connected to the other Pillars of the

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<sup>1</sup> The EIC will also provide for Business acceleration services, Prizes and Challenges, Fellowship and innovator's community activities, and Innovative procurements.

framework programmes and to national programmes for advanced research to roll out to market any innovation developed therein;

- Whilst distinct from the Invest EU programme notably through providing direct blended finance, the Accelerator will be operated in close coordination with this programme, in particular the InvestEU RDI window chaired by DG RTD and the financial products for “innovative companies” that DG RTD will promote under its SME window, chaired by DG GROW;
- A permanent High Level Advisory Board will advise the Commission on the implementation of the EIC, and to some extent on the Union innovation policy;
- The EIC will liaise and cooperate with other European, transnational, national and local actors supporting innovation, so as to contribute to the overall enhancement of the European Innovation ecosystems, which constitute the second part of Horizon Europe’s Innovation Pillar.

Overall, the EIC is more than the simple addition of these distinct features. It will be singular in Horizon Europe, the unique place where inventors can meet innovators, and both in turn meet investors. **From “moonshot” idea to market via lab, it will provide for an autonomous and complete ecosystem**, albeit open to the rest of Horizon Europe and national initiatives.

To complement the EIC, the Innovation Pillar of Horizon Europe will also provide for activities to enhance European innovation ecosystems. The aim is to improve the environment within which innovation can flourish at all levels. This should help to develop national and transnational support mechanisms complementary to the EIC, and channel whenever possible such support close to innovators via local innovation actors, public but also private.

These activities would aim to establish closed links between the EIC and Member States’ broader innovation policies, including those deployed at local level. They will include:

- an EIC Forum of Member States and associated countries’ authorities in charge of national innovation policies, to discuss coordination and innovation related matters of common interest;
- co-financing of joint Member States’ programmes of transnational and national actions, to foster innovation and bring support close to innovators, whether by financing RDI projects or developing soft skills and expertise, whilst avoiding overlaps;
- more networking, including with universities and private actors of innovation such as private incubators;
- sharing of data on innovation, but also resources and expertise (e.g. a common data base of experts, coach, mentors), including with universities.

## 2. An active management approach

Reflecting an ambitious and challenging new approach of innovation under Horizon Europe compared to its predecessors, the EIC will need to be developed and run with great flexibility and pragmatism so as to adapt to the overall innovation ecosystem. Within the overarching legal framework provided by Horizon Europe, it should enjoy enough autonomy to develop its own management model, be in a position to be as “disruptive” as the projects it supports wherever needed, and depart from more regular research and development operations.

The EIC should be based on management features that have demonstrated their efficiency for delivering on breakthrough innovation in other contexts, in particular our main competitor: some of the US federal government agencies, in particular ARPA-E (energy) and DARPA<sup>2</sup>.

As acknowledged by all sectors, these agencies owe their success in radical innovation to a key element: they are driven by their Programme Managers/Directors, who bring a vision of what they want to change in the world, looking to boost the magnitude of impact with agencies’ funding.

Drawing on these programme managers, the defining feature of these agencies is « active management ». This hands-on approach means that in addition of identifying research teams and projects, programme managers can be involved in developing budgets and the timelines and milestones these projects must meet to receive continued funding. An important component of the US agencies management toolkit is the use of techno-economic analysis, which helps project innovators identify and anticipate commercialisation challenges such as market shifts or manufacturing bottlenecks that could derail their work. Identifying these challenges early in a technology’s development would help to avoid the risk that delays or cost overruns that cause a project to fail. This also means that when projects are underperforming and need to be terminated, these decisions can be made with confidence by programme managers, ensuring responsible stewardship of public funding. A culture of self-evaluation benefits these agencies’ management structure as they continually refine internal processes.

The Programme Managers are hired on a short-term basis— typically 3-4 years—to find and foster new innovation ideas based on technology visions or challenges that each one of them is expected to develop. While the Managers develop the overarching visions, they do not bring the visions to life themselves. Instead, they identify for funding multiple teams at universities, companies, and public labs who take ownership of these visions.

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<sup>2</sup> But also private endeavours such as Google X.