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EDUC 375
TELECOM 344
ENER 504
ENV 970
CLIMA 414
AGRI 467
TRANS 446
SAN 607
BIOTECH 19
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PUBLIC

NOTE

From:	General Secretariat of the Council
To:	Delegations
No. prev. doc.:	12007/25; 12005/25
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing Horizon Europe, the Framework Programme for Research and Innovation, for the period 2028-2034 laying down its rules for participation and dissemination, and repealing Regulation (EU) 2021/695 Proposal for a COUNCIL DECISION on establishing the Specific Programme implementing Horizon Europe - the Framework Programme for Research and Innovation for the period 2028-2034, laying down the rules for participation and dissemination under that Programme, and repealing Decision (EU) 2021/764 - Presidency compromise text on the Innovation Pillar

Delegations will find attached a Presidency compromise text on Block IV (Innovation Pillar): Framework Programme (Art. 16-17; 34) and Specific Programme (Art. 12-13) . Changes in comparison to document 12007/25 and 12005/25 are marked in ~~strikethrough~~ for deletions and in **bold underline** for additions. Text in ***bold italics*** corresponds to topics which require further discussion.

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PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ESTABLISHING HORIZON EUROPE, THE FRAMEWORK PROGRAMME FOR RESEARCH AND INNOVATION, FOR THE PERIOD 2028-2034 LAYING DOWN ITS RULES FOR PARTICIPATION AND DISSEMINATION, AND REPEALING REGULATION (EU) 2021/695

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Chapter IV
Innovation

Article 16

The European Innovation Council (EIC)

1. The EIC shall identify, develop and scale up deep tech and disruptive innovation from research to **deployment** ~~scale-up~~. It shall be implemented mainly through open bottom-up calls for proposals while ensuring a balanced portfolio of actions across thematic areas. This shall be complemented by targeted thematic and 'Challenge' calls in areas of potential strategic interest in close coordination and synergy with the ECF policy windows, in particular with the ECF InvestEU Instrument.

2. The EIC **shall** ~~may in particular~~ provide the following types of support **for high risk actions**:

   (a) Pathfinder grants for high-risk research, including **early-stage research,** proof of concept and prototyping;

   (b) Transition grants to develop pathways to commercial development for research results, including the creation of spin-offs and start-ups;

   (c) Accelerator blended finance and investment-only support for single companies to develop, and bring to market their innovations;

(d) Incentives to procurers to test and provide first customers for deep tech and disruptive innovations;

(da) Flexible and agile measures to respond to new developments;

(e) Business Accelerator Services to complement EIC funding by providing access, in complementarity and coordination with the Project Advisory referred to in Chapter III of the of the Regulation (EU) XXX [European Competitiveness Fund], to deep-tech expertise, **access and use of Research and Technology Infrastructures,** coaching and mentoring, **networking and** match making with investors, procurers, corporates and other innovation partners.

3. The types of support referred to in paragraph 2 shall be combined flexibly in EIC Challenges developed and overseen by EIC Programme Managers. EIC Challenges shall be implemented using a portfolio approach where actions are selected based on their complementarities to achieve defined objectives and interact with each other under the supervision of EIC Programme Manager.

4. All EIC investment support shall be implemented by one or more dedicated investment vehicles set up in line with the law of a Member State (the EIC Fund). The EIC Fund shall be structured in a way that it can attract other public or private investors in order to increase the leverage effect of the Union contribution.

5. The EIC may support innovation in critical technologies with focus on defence applications in close coordination with the ECF policy window 'Resilience and Security, Defence Industry and Space'. In those cases, Articles **50 and** 51 ~~and 52~~ of the Regulation (EU) XXX [European Competitiveness Fund] shall apply. **Such support shall be subject to specific calls for proposals.**

Recitals

(15) The European Innovation Council (EIC) should stimulate deep tech market-creating innovation. It should identify, develop and deploy these deep tech innovations through its instruments. Through coherent and streamlined support, the EIC should fill the vacuum in public support and private investment for **critical and** breakthrough technologies and deep tech innovation. The EIC should aim to bridge, integrate and accelerate through its instruments the innovator's journey from research to market and enable the Union to have leading companies in emerging areas of technology to meet its social and economic objectives and avoid dependencies on other regions **of the world**. The EIC should support high risk, high-potential innovations and companies presenting such technological, scientific, financial, management or market risks that they are not yet considered to be ~~fully~~ bankable and therefore cannot raise the necessary level of investments to be globally competitive from the market. This should incorporate both an 'open' (bottom-up) and a 'challenge' driven approach, in ~~close~~ coordination ~~and synergy~~ with the European Competitiveness Fund and its policy windows. It should include a 'DARPA'-like approach dedicated to supporting defence and dual use startups and their scaling up operating in full complementarity with the ECF InvestEU Instrument and the EU Defence Innovation Scheme (EUDIS) and CASSINI (Space entrepreneurship initiative) activities. The implementation should be done in ~~close~~ synergy ~~and coordination~~ with the European Competitiveness Fund.

(16) Deep-tech scale-up financing under the Scaleup Europe Fund announced in the Startup Scaleup Strategy, existing at the time of the entry into force of the present Regulation, should be carried out under the terms agreed in the MFF 2021-2027. All scaleup financing **under this Fund** under the MFF 2028-2034 should take place under the ECF.

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Article 17

Innovation Ecosystems

1. The Programme shall support ~~organisations~~ **activities around strategic priorities** to create competitive, robust**,** ~~and~~ connected **and inclusive, transnational** innovation ecosystems and framework conditions. Synergies with Union, national and regional programmes shall be pursued to this end.

2. The Programme shall support activities to foster the integration of the knowledge triangle – higher education, research and innovation, and business – across the Union.

Recital

(29) Support measures are needed to strengthen and better connect innovation ecosystems. Such measures should support ~~organisations and innovators~~ **activities** to create competitive, robust and connected innovation ecosystems and improve framework conditions through cooperation and knowledge exchange. They should ~~help~~ connect national, regional, and local ecosystems ~~by removing barriers in the single market such as~~ **to help overcome** market fragmentation, limited capital access and segmented national capital markets, slow innovation uptake and the underutilisation of innovation procurement.

Chapter III
European Innovation Council

Article 34

European Innovation Council specific rules

1. In accordance with Article 20(2)(a)(i) of Regulation (EU) XXX [European Competitiveness Fund], **and as specified in the work programme,** EIC Transition grants may be awarded without calls for proposals **upon recommendation of the programme manager and the advice of the external experts** for the purpose of follow up funding for results generated by actions funded by the Programme and Horizon Europe Regulation No 695/2021.

2. The EIC Accelerator shall support only single beneficiaries and single investees who are SMEs, including **in particular** startups, and small mid-caps **that have high growth potential**.

3. Proposals for EIC Accelerator actions may be submitted by one or more legal entities intending to establish or support a potential recipient, with the prior agreement of that recipient. If ~~the~~ selected for funding, the grant and investment agreement shall be signed only with that recipient.

4. In the case of blended finance actions, the beneficiary and the investee may differ in the sense that the investee may be the holding or the parent company of the beneficiary.

5. Funding bodies implementing Union Programmes, or national or regional programmes certified by the Commission, may directly submit a proposal for a EIC Transition or EIC Accelerator call, where such proposals stem from a project review of an action funded by the certified programme and subject to conditions set out in the EIC work programme (EIC Plug-in **and EIC Fast Track**).

6. For the EIC Accelerator, the third evaluation criteria set out in Article 25(1) shall be replaced by the level of risk of the action, the quality and efficiency of the implementation, and the need for Union support.

7. Investments shall be made in non-bankable investees and jointly with co-investments by other private investors. However, where such support is not provided fully under the European Competitiveness Fund, support to bankable investees or without participation of other investors, may be provided in order to protect the Union's strategic interests.

8. By way of derogation from Article 212(2)(a) of Regulation (EU, Euratom) 2024/2509, the conditions concerning economic viability, shall not apply to EIC Accelerator investment actions.

9. Blended finance actions shall be suspended, amended or, if duly justified, terminated if measurable milestones are not reached or if the beneficiary refuses the investment support without a duly justified reason.

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10. The EIC Fund may award follow-on investments **only in one of the two following cases**:

    (a) if needed to protect the Union's strategic assets, interests, autonomy or security; or

    (b) if subsequent funding rounds would not proceed or would proceed at significantly less favourable terms without EIC follow-on investment.

11. The EIC work programme may set out additional limitations regarding the award of follow-on support**, notably regarding the size of that support**.

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Chapter IV
Innovation

Article 12

The European Innovation Council Board

1. The European Innovation Council Board (EIC Board) shall advise the Commission on:

   (a) the overall strategy for the EIC component under Part III 'Innovation' of Horizon Europe, taking into account complementarities with the European Competitiveness Fund;

   (b) the work programme for the implementation of the EIC actions, including criteria for assessment of proposals and the appropriate balance between the different types of funding support;

   (c) the identification of emerging technology trends from EIC's portfolios, and strategic portfolios of projects;

   (d) the profile of EIC Programme Managers;

   (e) coordination with the Advisory Board on the European Competitiveness Fund Guarantees, Financial Instruments and Blending Operations established under the European Competitiveness Fund.

2. The EIC Board may upon request from the Commission address recommendations to the Commission on:

   (a) any matter which, from an innovation perspective, may enhance and foster innovation eco-systems across the Union, the achievements and impact of the objectives of the EIC, and the capacity of innovative firms to roll out their solutions;

   (b) identifying in cooperation with relevant Commission services, national and regional authorities and other relevant entities, possible regulatory barriers faced by entrepreneurs, in particular those awarded support under the EIC;

   (c) programming in other parts of the Specific Programme.

3. The EIC Board shall act in the interest of achieving the objectives of the EIC. It shall act with integrity and probity and carry out its work efficiently and transparently.

4. The EIC Board shall be composed of 15 to 20 independent high-level individuals drawn from various parts of Europe's innovation ecosystem, including entrepreneurs, corporate leaders, investors, innovation experts and **managers,** innovative researchers and technology transfer experts. The EIC Board shall contribute to outreach actions and its members shall strive to enhance the prestige of the EIC brand.

5. The members of the EIC Board shall be appointed by the Commission, following an open call for nominations or for expressions of interest, and taking into account the need for balance in expertise, gender, age and geographical **and thematic** distribution.

6. Their term of office shall be limited to two years, renewable twice.

7. The EIC Board shall have a President who shall be a high-profile public figure linked to the world of innovation, with a **proven experience and** solid understanding of developing innovations from research to market and scale-up.

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8. The EIC Board President shall have the status of an independent special adviser and shall be appointed by the Commission following a transparent recruitment process. The term of office of the EIC Board President shall be limited to a maximum of **four** ~~two~~ years, ~~extendable~~ **renewable** once ~~for up to 2 years~~.

9. The EIC Board President shall chair the EIC Board, prepare its meetings, assign tasks to members and may establish dedicated sub-groups. The EIC Board President shall represent the EIC Board's views in the world of innovation and act as an interlocutor with the Commission.

10. The Commission shall establish a EIC Board code of conduct addressing, in particular, the avoidance of conflicts of interest and breach of confidentiality. The members of the EIC Board shall agree to abide by the code of conduct upon assuming office.

11. The Commission shall provide administrative support to the EIC Board and the EIC Board President.

Article 13

Innovation Ecosystems

The Specific Programme shall support:

(a) the establishment and support of connected hubs across the Union, providing innovators, start-ups and scale-ups access to resources, services and partners, including investment opportunities, first buyers of R&I and innovative solutions, corporates, experimentation facilities, research and technology infrastructures, entrepreneurial talent, coaching and mentoring;

(b) activities to develop pan-European innovation ecosystems in key thematic areas, **integrating and boosting strengths and potentials,** support the development of innovation skills and early-stage venture building, ***fostering the integration of the knowledge triangle – higher education, research and innovation, and business*** – across the Union;

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(c) programmes to support innovative SMEs, start-ups and scale-ups to expand and access international markets through market viability studies, place-based innovation tools, collaborati**on**~~ve~~ **in** research and innovation, exchange of talents, tailored mentorship, access to global investor networks, regulatory guidance, localized marketing support, and soft-landing services in target countries;

(d) other actions to support the development of innovation ecosystems and connectivity including studies, benchmarking, mutual learning between innovation actors and coordination of innovation policies.

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