Council of the European Union
General Secretariat

PUBLIC

Brussels, 17 September 2026

Interinstitutional files:
2026/0264 (COD)

WK 14165/2026 INIT

LIMITE

RECH

REDACTED DOCUMENT ACCESSIBLE TO THE PUBLIC (07.10.2026). ONLY MARGINAL PERSONAL DATA HAVE BEEN REDACTED.

This is a paper intended for a specific community of recipients. Handling and further distribution are under the sole responsibility of community members.

MEETING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Research
Subject:	European Innovation Act - PowerPoint presentation

Delegations will find attached a PowerPoint presentation made by the Commission at the Research Working Party Meeting held on 16 September2026.

PUBLIC

European Innovation Act

Council Research Working Party, 17 September 2026

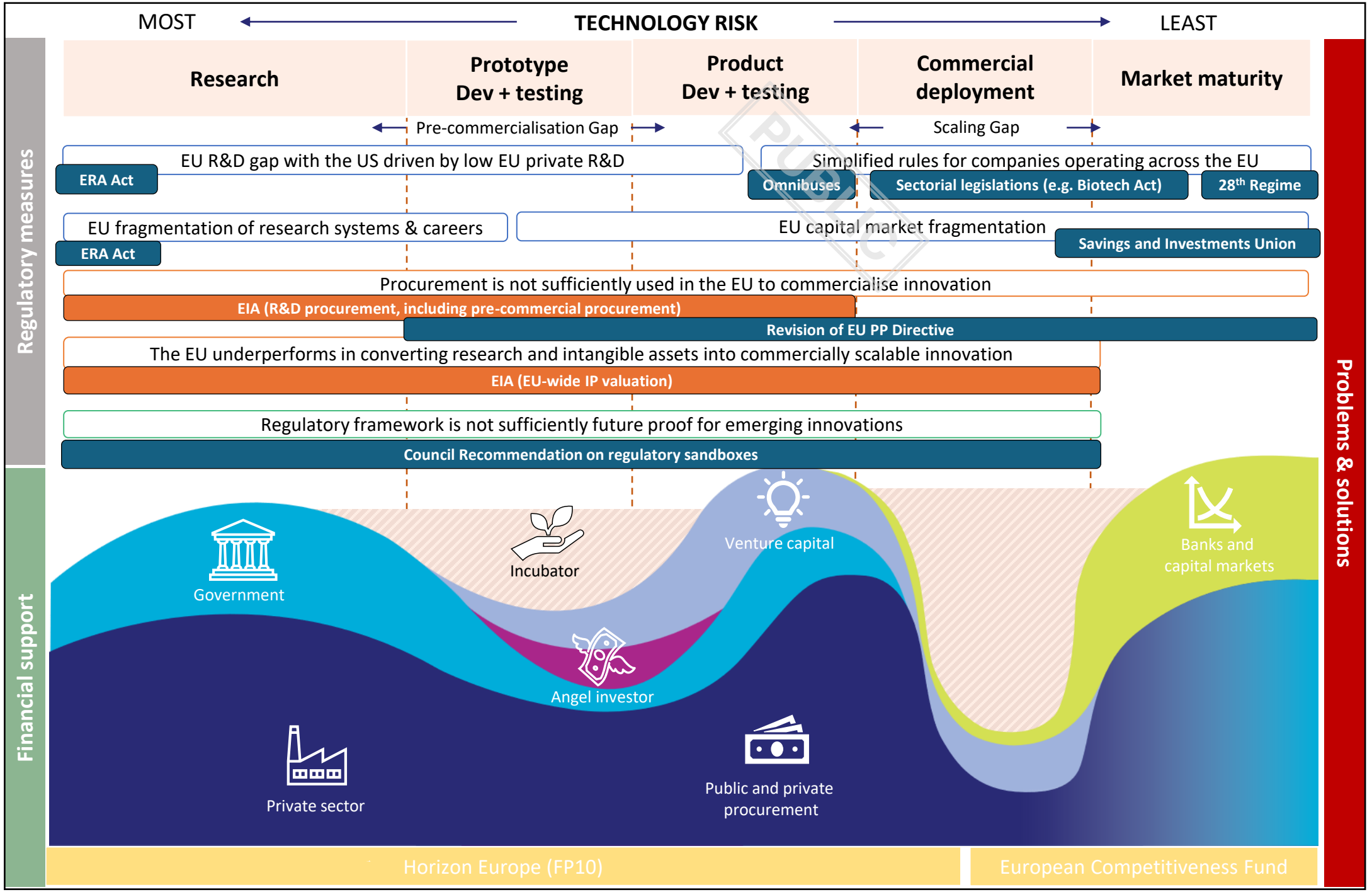
DELETED RTD.A5: Innovation Policy and Access to Finance

European Commission

Problem tree & intervention logic of the European Innovation Act

Problems	Problem Drivers	Consequences	Specific Objectives	General Objective
1. The EU underperforms in **converting research and intangible assets** into commercially scalable innovation.	2.1 IPR valuation models in the EU are not standardised, while being complex and expensive	1. The bankability and scalability of intellectual property remain weak, limiting its use as collateral and its potential for scaling	1. Lower valuation costs, and increase licensing and transfer of IPRs in the EU in the next 4 years	Improve the functioning of the Single Market for innovation by reducing barriers to the commercialisation and scale-up of innovative solutions
2.Public **Procurement** is not sufficiently used in the EU to support research and innovation	2.1 Lack of legal certainty on how to procure R&D services 2.2 Procurement practices favour incumbents and limit the participation of innovative companies in R&D procurement procedures 2.3 Fragmentation and barriers to cross-border R&D procurement 2.4 Europe's strategic autonomy depends on research & innovation but is insufficiently considered in R&D procurements	2. Innovative ideas are not taken up through procurement, limiting early demand and revenues that are critical for firms to bridge the "valley of death"	2. Increase spending on procurement of R&D services in the next 5 years 3. Increase the procurement of EU-based R&D solutions in the next 5 years	

PUBLIC


MOST
TECHNOLOGY RISK
LEAST
Research
Prototype Dev + testing
Product Dev + testing
Commercial deployment
Market maturity
Pre-commercialisation Gap
Scaling Gap
Regulatory measures
EU R&D gap with the US driven by low EU private R&D
Simplified rules for companies operating across the EU
ERA Act
Omnibuses
Sectorial legislations (e.g. Biotech Act)
28th Regime
EU fragmentation of research systems & careers
EU capital market fragmentation
ERA Act
Savings and Investments Union
Procurement is not sufficiently used in the EU to commercialise innovation
EIA (R&D procurement, including pre-commercial procurement)
Revision of EU PP Directive
The EU underperforms in converting research and intangible assets into commercially scalable innovation
EIA (EU-wide IP valuation)
Regulatory framework is not sufficiently future proof for emerging innovations
Council Recommendation on regulatory sandboxes
Problems & solutions
Financial support
Government
Incubator
Venture capital
Banks and capital markets
Angel investor
Private sector
Public and private procurement
Horizon Europe (FP10)
European Competitiveness Fund

Measures and policy options of the European Innovation Act

Problems	Impact assessed measures	Impact assessed policy options
1. The EU underperforms in **converting research and intangible assets** into commercially scalable innovation.	1. Establishing IP valuation methodology and facilitating licensing	A. Mandate EUIPO to develop an EU-wide IP valuation framework
		B. Establishing an EU-wide digital marketplace functioning as a secondary market for IP transactions
		C. Assign EUIPO the role of an EU-wide IP competence centre providing advice, training and support on IP valuation
		D. Combine A and B
		E. Combine A, B and C
2. Public **Procurement** is not sufficiently used in the EU to support research and innovation	2. Establish procedures for R&D procurement for public buyers, including cross-border R&D procurement and rules to promote the use of innovation-friendly techniques within R&D procurement	A. Recommend the use of innovation-friendly techniques for R&D procurement by public buyers
		B. Establish a mandatory EU-wide, innovation-friendly R&D procurement procedure for public buyers above minimum EU financial threshold
	3. Preference for EU-made solutions in R&D procurement for public buyers	A. Introduce a voluntary option to apply an EU preference for EU-made solutions in R&D procurement
		B. Introduce a mandatory preference for EU-made solutions in R&D procurement, with flexibility for non-EU suppliers where suitable EU tenderers are insufficient, or compliance would impose disproportionate costs.
		C. Strict mandatory preference for EU-made solutions in R&D procurement, with no exceptions

PUBLIC

Evidence supporting Measure 1 - EUIPO mandate & services

Why a trusted EU-level IP valuation framework can improve access to finance

PUBLIC

1 MARKET FAILURE

Inconsistent IP valuation

Unreliable and non-standardised valuation makes patents harder to price as collateral - especially for innovative SMEs and start-ups with limited tangible assets.

2 FINANCE EFFECT

+18.5-50% likelihood

Patent-collateral reforms increased firms' likelihood of obtaining IP-backed finance. EU-level IP filers are also 5–6× more likely to secure early-stage funding.

3 MATERIAL IMPACT

€1.0-1.4m more borrowing

EU firms using patents as collateral obtain substantially more borrowing than comparable firms that do not use patents as collateral.

Policy implication **Evidence supports an EUIPO role in standardising IP valuation and facilitating IP-backed finance - potentially unlocking €2.7-10.2bn per year among IP-rich firms within its expected capacity.**

Sources: EC (2013, 2022); WIPO (2024, 2025); EPO & EUIPO (2023); Dai et al. (2025); Bracht & Czarnitzki (2022).

Evidence supporting Measure 2 - Harmonised R&D procurement

Why common EU rules can reduce fragmentation and strengthen innovation outcomes

PUBLIC

1 UNDERUSED IN THE EU

0.6% vs 3%

EU R&D procurement was €17.28bn in 2022: 0.6% of public procurement versus about 3% in the US. Fragmented rules and legal uncertainty increase costs and limit uptake and cross-border participation.

2 SUPPLIER IMPACT

Up to €3 per €1 spent

Evidence from CERN, the Italian Space Agency and EU PCP programmes supports a multiplier up to 3, driven by technological learning, patenting and commercialisation. In a recent EU-funded PCP study, 95% of suppliers expanded their product or service offering.

3 INNOVATION-FRIENDLY PRACTICES

22% average EU score

The EU Innovation Procurement Observatory reports an average score of just 22% for innovation-friendly techniques: only 44% of procedures use value-for-money criteria, 18% of R&D procurement is publicly advertised, and 0.97% of notices include market consultations.

Policy implication **A harmonised EU framework can scale proven practices and reduce fragmentation - implying an estimated €25.96bn increase in firms' profits under full uptake.**

Sources: EC; EU Innovation Procurement Observatory; Suresh (2022); Uyarra et al. (2014); Georghiou et al. (2014); Giffoni et al. (2023); Castelnovo et al. (2023); EU-funded PCP study.

Evidence supporting Measure 3 - EU preference in R&D procurement

Strategic autonomy gains need to be balanced against the costs of reduced competition

PUBLIC

1 STRATEGIC AUTONOMY

Stronger EU supply chains

Studies find that domestic preferences can reduce dependency risks and support EU-based supply chains, and technology sovereignty, particularly for critical technologies and strategic infrastructures.

2 POTENTIAL ECONOMIC COST

€464m upper-bound GDP loss

Shepotilo (2020) estimates a 0.58% GDP loss from broad domestic procurement preferences in Ukraine. Adjusting for the EU measure's narrower scope, larger Single Market and safeguard clauses gives a much smaller upper-bound loss of €464m.

3 DESIGN MATTERS

Inverted U-shape

Net strategic-autonomy benefits rise with moderate preferences, but can fall as restrictions become more stringent and the economic costs increase disproportionately.

Policy implication **Evidence supports a targeted, conditional EU preference rather than blanket exclusion - strengthening strategic autonomy while preserving competition and sourcing flexibility.**

Sources: Edler et al. (2023); EPRS/STOA (2021); European Parliament (2025); Shepotilo (2020).

From direct estimates to EU-wide impacts: RHOMOLO

Measure-level costs and benefits are converted into macroeconomic shocks and propagated across the EU economy

PUBLIC

1 Estimate direct effects

Micro-level evidence

- IP-backed finance: up to €10.2bn/year
- Company admin savings: ~€35m/year
- R&D procurement profits: +€25.92bn/year
- Public-buyer admin savings: up to ~€1bn/year
- Preference-related efficiency cost: €464m/year
- Public-sector adjustment/admin costs: ~€48m upfront + recurring costs

Estimated using the Standard Cost Model and elasticity-based approaches.

2 Translate into RHOMOLO inputs

Model shocks

Private investment	Additional finance / lower user cost
Productivity (TFP)	Efficiency and innovation effects
Lump-sum transfers	Net costs or savings
Public expenditure	Administrative / implementation costs

Shocks are phased in over 10 years

3 Estimate aggregate EU impacts

RHOMOLO simulations

0.24–0.42%

EU GDP by year 10

238k–507k

additional jobs at peak

Captures spillovers acrossthe EU economy - beyond directly affected stakeholders.

Source: JRC RHOMOLO working paper and EIA Impact Assessment estimates.



Proposal for a European Innovation Act

Subject Matter and Scope

PUBLIC

- **The European Innovation Act:**
  - lays down **common rules for carrying out R&D procurement and joint R&D procurement**
  - establishes **a Competence Centre at the EUIPO** and lays down its tasks of the in relation to **intellectual property-backed finance and commercialisation of intellectual property**
- It **applies** to:
  - all R&D public procurement procedures with a value of **EUR 216 000** and above
  - all R&D public procurement procedures by innovation agencies acting on its own mandate and not merely on behalf of another public buyer with a value of **EUR 432 000** and above
  - the EUIPO
- It **does not apply** to:
  - **procurement procedures subject to Public Procurement Directives** / future Public Procurement Act
  - **procurement procedures in the field of defense** subject to Directive 2009/81/EC, including defense-related R&D procurement excluded from the scope of that Directive

Definition of R&D procurement

PUBLIC

‘procurement of research and development services (‘R&D procurement’) means the procurement of fundamental research, industrial research and experimental development up to original development, where:

(a) original development of a first product, service or work may include limited production or supply in order to incorporate the results of field testing and to demonstrate that the product, service or work concerned is suitable for production or supply in quantity to acceptable quality standards, but shall not include quantity production or supply to establish commercial viability or to recover research and development costs.

(b) procurement of research and development services may include obtaining the ownership of prototypes or first products, services or works that are developed at the public buyer’s request in the course of and for a particular R&D procurement contract, but shall not include the commercial deployment of endproducts, services or works;



Procurement of Research and Development Services

General Principles and Security

PUBLIC

- **General principles** (Article 4)
- **Economic operators** (Article 5)
- **Group of economic operators** (Article 6)
- **Reliance on the capacity of other entities** (Article 7)
- **Subcontracting** (Article 8)
- **Security** (Section 2)
  - **Security considerations in R&D procurement** (Article 28)
  - **Security measures during contract implementation** (Article 29)
  - **Cybersecurity** (Article 30)

Preparation of the R&D procurement procedure

PUBLIC

- **Market consultation** (Article 9)
- **Procurement documents** (Article 10)
- **Conditions for access to R&D procurement procedures and place of performance requirements** (Article 11)
- **Determination of origin** (Article 12)
- **Mandatory exclusion grounds** (Article 13)
- **Optional exclusion grounds** (Article 14)
- **Selection criteria** (Article 15)
- **Financial guarantees** (Article 16)

Conditions for access to R&D procurement

PUBLIC

- **Default rule:** Access to R&D procurement limited to tenderers originating in EU MS + countries that concluded agreements with the EU that include commitments to open the access to R&D procurements
- **Possible exceptions:**
  - **Security / public safety** considerations = access **limited to EU MS only**
  - **No suitable tenderers** / **disproportionately high price** (>20%) = **access open to other third countries** that concluded agreements with the EU with commitments to open the access to public procurements, but not to R&D procurements
- **Place of performance requirement** = minimum 50% of R&D conducted in countries in the first bullet (can go to 100% for security / public safety-related R&D procurement)
- **For EU funded R&D procurement procedures** – participation rules of the specific funding instrument apply
- The **origin of an economic operator** is defined same as in the IPI Regulation

Selection criteria and financial guarantees

PUBLIC

- Use of selection criteria is **optional**
- When used, **selection criteria** for R&D procurement procedures **have to be proportionate** and **only relate to:**
  - suitability to pursue the professional activity
  - technical and professional ability
  - economic and financial standing (only a certain minimum financial capacity and/or an appropriate level of professional risk indemnity insurance)
- Economic operators cannot be excluded from R&D procurement procedures because they lack track record, turnover or annual financial statements
- **Limits on financial guarantees** based on the value of the R&D procurement contract, no performance or retention guarantees for contracts valued below EUR 500 000
- **Halving of the financial guarantees for SMEs, innovative startups and innovative scaleups**

Innovation techniques in R&D procurement

PUBLIC

- **Innovation related award criteria** (Article 17)
- **Prevent overspecification of procurement documents when formulating the requirements for the characteristics of the procured R&D services** (Article 18)
- **Risk benefit sharing under market conditions** (Article 19)
- **Contract modifications** (Article 20)
- **Value engineering** (Article 21)
- **Multiple sourcing** (Article 22)

Innovation related award criteria and requirements for R&D services

PUBLIC

- Stimulating the award of contracts based on value, instead of overreliance on price
  - Best price-quality method for evaluating tenders with **minimum 50% of weight given to quality criteria** (can related to different types of quality aspect including technical merit, environmental, social and innovation aspects etc.)
  - **Mandatory use of innovation-related quality award criteria** with minimum weight of 15% of all award criteria
  - Mandatory use of some innovation related **award criteria that assess the added value for the Union,** with maximum 15% weigh of all award criteria.

- Preventing overspecification of procurements documents
  - Give preference to formulate requirements as functional requirements or performance requirements instead of design prescriptive requirements

Risk benefit sharing under market conditions

PUBLIC

- **Default rule: Save costs and stimulate innovation wherever possible**
  - Contractor has the right to obtain ownership of IP that it generates during the performance of the R&D procurement contract
  - Public buyers retains free access to the R&D results for their own use and for the use by current and future contractors in the performance of any contracts for those public buyers
  - Public buyers can licence / require licencing of the R&D results to 3rd parties in emergencies
  - Transfer of ownership of the R&D results to the public buyers can be required if contractor fails to commercialise the R&D results or uses of R&D results against the public interest
  - Obligation of contractors to notify the intention to exclusively licence / transfer ownership of the R&D results + possibility for the public buyer to object
- **Exceptions: Acquiring all IP rights possible, if overriding reasons of public interest**
  - Public buyers may acquire ownership of IP generated as part of R&D procurement that is not pre-commercial procurement when needed for security/public safety reasons, to prevent abuse of R&D results or if public buyer wants to commercialise itself
  - Price of acquiring IP needs to be included in the contract value estimation, non IP protected results need to be published, if public buyer does not commercialise IP then public buyer shall transfer or license it in a non-discriminatory way

Value engineering and multiple sourcing

PUBLIC

- **Value engineering**
  - Stimulates contractors to **continue reducing costs / improving quality during contract execution** (flexible use of contract modifications)
  - Enables **sharing of net cost savings** resulting from value engineering between public buyers and contractors
  - **Mandatory** in high-value R&D procurement contracts (gradually introduced over time)
  - **Possibility** to use value engineering clauses in all R&D procurement contracts

- **Multiple sourcing**
  - **Mandatory** when awarding contracts to multiple contractors has benefits such as stimulating the emergence of innovation and avoid overreliance on a single solution
  - **Exception cases** for R&D proc that are not PCPs, where single sourcing can be used
    - Market is too small for multiple contractors to participate in R&D procurement
    - Benefits do not outweigh the costs
    - Single sourcing is needed for security or public safety reasons

Conducting the R&D procurement procedure and joint R&D procurement procedure

PUBLIC

- **R&D procurement call for tenders** (Article 23)
- **Competitive development in phases and assessment of contract performance** (Article 24)
- **Payments** (Article 25)
- **Confidentiality and data protection** (Article 26)
- **Termination of R&D procurement contracts** (Article 27)
- **Common rules on joint R&D procurement** (Article 31)



Commercialisation of Research and Innovation Results

Commercialisation of Research and Innovation Results

PUBLIC

- **Union Competence Centre for intellectual property-backed finance and commercialisation of intellectual property assets** (Article 32)
- **Data collection** (Article 33)
- **Intellectual property valuators** (Article 34)
- **Certification of intellectual property valuators** (Article 35)
- **Programming and reporting** (Article 36)
- **Amendment to Regulation (EU) 2017/1001** (Article 37)

Tasks conferred on the EUIPO

PUBLIC

- **Establishing the Union Competence Centre** for intellectual property-backed finance and commercialisation of intellectual property assets
- Developing **a voluntary Union framework for the valuation and disclosure of intellectual property assets** based on all types of intellectual property rights
- Establishing and maintaining **a Union-wide digital match-making platform** for licensing and transfer of IP
- Facilitating the **development of a secondary IP market**
- Establishing and implementing **skills development programmes** related to IP-backed finance and IP commercialisation
- **Awareness raising and support services** related to IP-backed financing and IP commercialization
- **Data collection and analysis**
- Coordination of **a Union-level helpdesk** on IP-backed financing

Final provisions

PUBLIC

- **Committee procedure** (Article 38)
- **Exercise of the delegation** (Article 39)
- **Evaluation** (Article 40)
- **Entry into force** (Article 41)