

# **Enhanced European Innovation Council (EIC) Pilot**

## **FREQUENTLY ASKED QUESTIONS**

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1.0	17.06.2019	<ul style="list-style-type: none"> <li>▪ Initial version</li> </ul>
2.0	25.10.2019	<p>The updated version addresses the following issues:</p> <ul style="list-style-type: none"> <li>▪ Q. 24 regarding TRL 9 definition</li> <li>▪ Q 30, 32, 49 regarding possibility for current beneficiaries to request blended finance</li> <li>▪ Q. 35, 36 clarification on TRL assessment</li> <li>▪ Q 46 additional information on what to include in work packages and pitch deck</li> <li>▪ Q 78 clarity regarding possible requested amounts</li> <li>▪ Q 89 Additional information on EIC fund structure</li> <li>▪ Q 96 more information on convertible loan conditions</li> <li>▪ Q 106 more explanation on type of investor EC will be</li> <li>▪ Q 108 Additional information on stakes</li> <li>▪ Q 109 more explanation on due diligence</li> <li>▪ Q 129 explanation of FDI</li> <li>▪ Addition of hyperlinks throughout</li> </ul>

## **A. Pathfinder**

### **1. I used to participate in the FET programme. What are the main changes induced by the Pathfinder Pilot?**

There are no changes to the parts of Future and Emerging Technologies (FET) that are integrated in the EIC Pilot. In particular, there are no changes to the [FET Work Programme](#) describing the relevant topics. The [EIC](#) provides a new context for FET-Open and FET-Proactive, which allows FET to add additional activities focused on more downstream research and development of results. However, the core mission of exploring new technological possibilities remains unchanged.

### **2. What is the target audience for Pathfinder?**

The target audience for Pathfinder under the enhanced EIC pilot builds on the one for FET Open and Proactive: creative researchers and innovators in science and technology that do not shy away from exploring connections between remote disciplines, challenging current paradigms and venturing into unknown areas in order to open-up new and potentially game changing technological directions for radically new future technologies. For the Transition to Innovation Activities the audience is complemented with participants that have “essential capabilities to increase the maturity of the targeted technology” as specified in the [EIC Work Programme \(WP\)](#).

### **3. Can a single beneficiary apply for the EIC Pathfinder Pilot? In which cases?**

Under the EIC Pathfinder Pilot, all actions on research and innovation are collaborative. The only exception is the FET Innovation Launchpad where single beneficiary proposals are eligible.

For the future full-fledge EIC under Horizon Europe, starting in 2021, the Commission proposes that a single entity (i.e. a university, an SME, a natural person,... except a mid-cap or larger company) may apply as single beneficiary to Pathfinder activities.

### **4. What is the process for applying to the Pathfinder?**

Submission to the Pathfinder is through the electronic proposal submission system of the [Funding & Tenders Portal](#), same as till now.

### **5. What is the maximum EU contribution to projects under the EIC Pathfinder Pilot?**

The call text provides an indicative range of EU contribution per project. The requested funding should fit the purpose of the project, not more and not less.

### **6. What kind of entities are eligible for the EIC Pathfinder Pilot?**

There are no restrictions as to the type of participants in a consortium. The general rules of Horizon 2020 for Research and Innovation Actions (FET-Open RIA, FET-Proactive RIA) and for Coordination and Support Actions (FET Innovation Launchpad) apply.

## **7. What kind of projects are eligible for the EIC Pathfinder Pilot?**

Proposals for the EIC Pathfinder Pilot (FET-Open) have to satisfy the FET gatekeepers (see question 8). The EIC Pathfinder Pilot (FET-Proactive) seeks for cutting-edge high-risk / high-reward research and innovation projects that aim to demonstrate a new technological paradigm within the scope of the sub-topics. Finally, EIC Transition to Innovation Activities and FET Innovation Launchpad proposals have to build on the results of an existing FET project (but not restricted to previous beneficiaries).

## **8. What are the EIC Pathfinder Pilot gatekeepers?**

The FET gatekeepers in the EIC Pathfinder call (FET-Open) are conditions (radical vision, breakthrough technological target, ambitious interdisciplinary research) that must all be convincingly satisfied. If even one of them is not convincingly satisfied according to the evaluator's assessments, the proposal can be declared out of scope and will not be further evaluated.

## **9. Our start-up has a deep-tech product that is relevant to FETPROACT-EIC-05-2019, but we cannot find any mention on the call in the FET Work Programme 2018-2020. Does that mean that our high-tech idea will be evaluated only by "risk finance experts"?**

The topic FETPROACT-EIC-05-2019 is only present in the [EIC Work Programme](#) but it is a proper Pathfinder FET topic and is evaluated in the same way as other FET Proactive topics. The range of expertise that will be involved in the evaluation is determined by the topic of the proposal and the nature of the work proposed.

## **10. Our research group has a FET-OPEN project and is about to file a patent with high commercial potential (TRL 2 or 3). We do have an IPR agreement in the consortia. Where do we go from here?**

EIC FET Innovation Launchpad or EIC Transition to Innovation may be relevant, either with members of the current consortium or with different partners.

## **11. Is a start-up with high potential, high-risk disrupting business model (based on mix of incremental fintech) eligible for Pathfinder funding?**

There are no restrictions as to the type of participants in a consortium. The general rules of Horizon 2020 apply. The proposals must satisfy the FET gatekeepers for the EIC Pathfinder Pilot (FET-Open RIA) call.

## **12. What are all the FET proactive topics under the EIC Pilot that will be open in 2019 and 2020? [They are currently spread across two different work programmes.]**

- Selected emerging paradigms under the EIC (note that there are FET Proactive topics in 2020 that are not part of the EIC Pilot).

2019 ([EIC Work Programme](#))

- Human-Centric AI
- Implantable autonomous devices and materials

- Breakthrough zero-emissions energy generation for full decarbonisation
- Transition to Innovation Activities

2020 ([FET Work Programme](#))

- Future technologies for social experience
- Measuring the unmeasurable — Sub-nanoscale science for Nanometrology
- Digital twins for the life-sciences

2020 ([FET Work Programme](#))

- Environmental Intelligence:
  - New techniques for creating and using dynamic models of environmental evolution
  - Radically novel approaches to resilient, reliable and environmentally responsible in-situ monitoring

## **B. Transition Pathfinder/Accelerator**

### **13. What are connections between the Pathfinder and the Accelerator?**

There is no automatic or prescribed way to move from Pathfinder to Accelerator in the Enhanced EIC Pilot (it is proposed to have easier access to evaluation under the full fledged EIC to be launched under Horizon Europe starting in 2021). Pathfinder does provide ways to increase the level of maturity of a result where Accelerator funding may become possible, for instance through the FET Innovation Launchpad or the EIC Transition to Innovation Activities. The EIC also provides training and coaching services to this aim. An indication of the suitability of either programme can be checked on the on-line selection [wizard](#).

### **14. We are a small SME that successfully finished a FET-Proactive project last year with promising results. Do we automatically qualify to the Accelerator?**

(See also question 13) Starting in 2021, the proposed easier access will entail a limited evaluation for an innovation stemming from Pathfinder to receive support under the Accelerator.

### **15. When should an application be submitted to Innovation Launchpad and when is Transition to Innovation Activities more applicable?**

Both are different. Innovation Launchpad is for preparing initial steps on the road to innovation and impact (e.g. Market and competitiveness analysis, Technology assessment, etc.). It does not support substantial research or development work. It provides mainly a learning exploration and learning opportunity to start changing from a pure researchers' mindset to including an innovation perspective. The Transition to Innovation Activities on the other hand require a more mature stance from the outset,

with an already clear plan. It allows for substantial research and development work to mature the technology, in addition to an innovation and exploitation perspective.

**16. Some very nice results came out my part of a FET project of which I am not the coordinator. How do I know whether these results can be used as base for a Launchpad or transition to Innovation application; how do I know whether it is eligible?**

For any result that comes out of a FET project the Innovation Launchpad or Transition to Innovation Activities provide possibilities for follow-up. If you are owner of that results you can apply. If you are not the owner you need an agreement with the owner of the result. [National Contact Points](#) (NCPs) in your country or region can give you support to answer these and other questions as well as to find partners for your project if needed.

**17. Should Transition to Innovation Activities be considered as a regular RIA (at least 3 partners, etc.)?**

Yes. With the full-fledge EIC under Horizon Europe, starting in 2021, EIC Transition activities and EIC business acceleration services will provide for a wider range of types of action and support.

**18. Should Transition to Innovation Activities be led by industry, or can I apply as researcher too?**

There are no additional conditions on consortium composition. The call text states that ‘The project shall be driven by a partner with the vision, ambition and commitment to bring the technology to actual use (possibly through the creation of a start-up or spin-off).’ In addition, “Participants must have essential capabilities to increase the maturity of the targeted technology”.

## **C. Accelerator general questions**

**19. How will confidentiality be ensured? Is there a guarantee that my data is not handed over automatically to third parties like private investors?**

When it comes to personal data, it is processed in accordance with Regulation (EU) No 2018/1725 on the protection of individuals regarding the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data.

Sharing personal data contained in proposals with EIC Fund in the framework of grant management is allowed under the relevant Privacy Statement on [Grant management](#). More specifically, point 6.1 of its ‘[List of recipients](#)’ indicates that access to personal data is provided on the “need to know” principle to ‘authorised staff of other [...] EU institutions and bodies’.

At the same time, connecting EIC Fund potential investees to interested private co-investors is core to the EIC Fund value proposition. In that regard in the cases where third-party co-investors are interested in obtaining more in depth information about a specific EIC Fund investee, they will need to request a consent from the latter as well as

potentially sign a Non-Disclosure Agreement (NDA), just like in commercial transactions where the investor signs a NDA before undertaking due diligence.

## 20. Which are the advantages of the blended finance compared to grants only?

The advantages of the blended finance come in different dimensions but, inter alia, include:

- thanks to the private finance/equity component, provide a deeper and longer support to the beneficiary including for Technology Readiness Level (TRL) 9 and market deployment activities that may not be supported by any grant at EU or national level due to State Aid rules, hence de-risk even more innovation and bridge the “innovation valley of death” and bring it closer to investors.
- ability to involve public and private investors, thereby increasing the total amount of financing to projects as compared to support through grants only
- ability to gain a valuable partner (private investors) supporting the company’s go-to market efforts through mentoring, strategic advice and access to a broad network of partners (“smart money”)
- higher alignment of interest of company founders with the successful outcome of the project

Securing an investment from private investors on a stand along basis might otherwise not be sufficient or not possible at all. This could result from private investors perceiving certain breakthrough investments too risky, or perceiving the horizon is too long or the investment round too large. Additionally, some private investors share a narrow interest in new technologies, developing interest only in niche areas relevant to their own line of businesses. By combining the benefits of the grant and the investment in the form of blended finance all actors involved - especially the founder (s) of the company - benefit from a financing structure better tailored to their needs irrespective of the company development stage they are in.

Hence blended finance represents a win-win-win solution for all parties:

- For the **founder (s)** with the gain of a non-dilutive investment in the form of a grant, combined with an investment and the possibility of a valuable partnership with other public/private investors fully aligned with the successful outcome of the project).
- For the **private investors**, who benefit from de-risked investment opportunities.
- For the **European Union**, which provides better and deeper support to European innovators and enhance the Union capabilities to challenge its major competitors.

## 21. What are the advantages of the EIC investment vs. private equity?

The Accelerator only supports proposals that are too risky, thus not appealing enough to attract sufficient funding from private investors.

The EIC Fund, in comparison with typical venture capital / private equity investor will:

- Invest in projects whose associated risks are considered too high for a typical private investor on a stand-alone basis
- Be in the form of blended finance, i.e. comprise also of a grant component.



- The investment aims to provide patient capital having a longer holding period than typical VC investments, and on an “impact investment” basis rather than pure “return on investment”.
- The EIC Fund through its partner network will provide access to mentors who can offer dedicated advice and open doors for market access to EIC Fund investees.
- The features of the funding will typically be more founder friendly than those of VC funds, in terms of % stake in the company / valuation, investment conditions, etc.
- Enhance the possibility for the founder(s) to find additional co-investors and provide him/them with leverage for negotiating better terms with them.

**22. What reporting requirements are needed for equity investment on top of the standard SME Instrument grant requirements?**

Overall, the Commission intends to promote a simplified but effective management approach, with the aim to be overall consistent and avoid any unnecessary additional work for the beneficiary.

Reporting on the grant has been reduced compared to Horizon 2020 practices: in addition to a single final report, reporting will take the form of regular progress meetings chaired by the Commission and involving also representatives from the EIC Fund where blended finance has been awarded. Approval of work carried out (go/no-go) will be reduced to a 2 week delay so as to provide certainty to the company and its investors.

As a consequence, and to the maximum extent possible at least during the lifetime of the Grant, it is the intention of the Commission that reporting requirements on equity and related milestones will be aligned with those provided for in the Grant Agreement. Where necessary, those initially agreed in the Grant Agreement will be adjusted to those subsequently agreed with the EIC Fund.

Reporting requirements for blended finance will be made available to applicant companies and included in the term sheet of the EIC Fund. Such reporting requirements may comprise business/technological activity parameters, financial related performance, milestone achievement, specific tax related reporting, amongst others.

**23. With the enhanced EIC Pilot, the grant part will be distributed as a pre-financing with just one financial reporting at the end of the project. In case the EC stops the grant, does this mean that the pre-financing will have to be reimbursed?**

After the signature of the grant agreement between the EC and the company, a first or single pre-financing will be issued, depending on the duration of the project.

It will remain the property of the EU until the payment of the balance at the end of the project, once final report accepted.

Should the Agreement be ended by anticipation, part or all of the grant will be paid based on the action’s eligible costs incurred until the date of termination, with the limit of the maximum grant amount set out in the grant agreement.

#### **24. Can I apply for an equity-only support?**

No. Not under the Enhanced EIC Pilot.

That possibility will exist under Horizon Europe, in particular for pure scale-up operations (TRL9 and above, small mid-caps) under the fully fledged EIC of Horizon Europe starting in 2021. TRL9 and higher cover integration of a complete and qualified system in the operational environment and increasing of production capacity.

### **D. SME Instrument Phase 1**

#### **25. We were going to apply for SME Instrument Phase 1. Is there an alternative funding opportunity at EU level?**

The SME Instrument Phase 1 is open for proposals until 5 September 2019. You may consider what supports are available from your regional or national promotional agencies.

#### **26. What are the consequences if an SME applies for Phase 1 in EIC-Accelerator and, for various reasons, no longer applies for Phase 2?**

Beneficiaries of the SME Instrument Phase 1 are not obliged to apply to the EIC Accelerator Pilot Phase 2.

### **E. Eligibility/target**

#### **27. What is the target audience (projects and companies) for the Accelerator?**

The EIC Accelerator Pilot supports high-risk, high-potential SMEs looking for substantial funding to develop and bring to market ground-breaking concepts that could shape new markets or disrupt existing ones in Europe and worldwide.

Eligible applicants are for-profit SMEs<sup>1</sup> established in the EU or in countries associated to Horizon 2020, including young companies and start-ups, from any sector.

There are no set topics but negative impacts on climate and the environment should be avoided.

Other partners, such as research providers or larger companies, cannot be direct beneficiaries but can be involved as third parties, usually in a subcontracting relationship, and do not necessarily need to be established in the EU or countries associated to Horizon 2020.

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<sup>1</sup> In order to assess your SME status, you can refer to the [EU user guide](#).

**28. What is the definition of deep-tech? Will deep-tech companies be the exclusive target of the Accelerator?**

Deep-tech innovation could be described as the one featuring an intense R&D content with multiple interactions between *a priori* distinct scientific domains and requiring abundant and patient capital to face a high risk of failure offset by a very high potential for gain.

The Accelerator supports different types of innovation, including deep-tech, but not only: any project aiming at bringing to market ground-breaking concepts that could shape new markets or disrupt existing ones, including social innovation projects, are also welcome.

**29. Is it still possible to apply as a consortium to the Phase 2 grant-only option after the June cut-off?**

It is not possible anymore after the 5<sup>th</sup> June 2019 cut-off. The SMEI Phase 2 became the Accelerator, which is a mono-beneficiary action.

**30. Are SME Instrument Phase 2 beneficiaries eligible for the Accelerator?**

No if the SMEI Phase 2 project is still running, **and** the requested Accelerator support is for a **different** project, **unrelated** to the first one: the EU does **not** support concurrent implementation of 2 **different** projects.

Otherwise yes, if the second proposal aims at **transforming** the initial and still **running** grant-based SMEI Phase 2 or Accelerator project **into a blended-finance Accelerator project**, expanding its scope with new activities including TRL9 ones. The new proposal will build on the initial running project, describing its achievements and remaining activities, and integrating the grant already awarded as a receipt. Equity and additional grant may be requested, where justified by **new** TRL6 to 8 and/or TRL9 activities.

The beneficiary of a finished SMEI Phase 2 or Accelerator project may also request blended-finance to resume the initial project in order to deploy in the market, or for a brand new one.

**31. Is it possible for a start-up (without balance sheet) to apply for the Accelerator?**

Yes, as long as they comply with the conditions defined in the [SME self-assessment questionnaire](#).

**32. Will a participant be able to partner in an EIC Accelerator Phase 2 project if they are taking part in another Accelerator project?**

The EIC Accelerator Pilot Phase 2 is a mono-beneficiary scheme and you **cannot** receive support for the implementation of 2 **different and unrelated projects**. What remains possible is to request a **complementary funding** to transform a grant-only SME Instrument Phase 2 or Accelerator project into a blended-finance Accelerator project (see question 30).

Participation as a third party (subcontractor) to another Accelerator project or as beneficiary in other Horizon 2020 funding opportunities is however possible as long as the same activities are not funded twice (no double funding).

## **F. Technology Readiness Level (TRL)<sup>2</sup>**

### **33. What are the eligible costs for a grant-only proposal submitted to the EIC-Accelerator Phase 2? What are the specific activities under TRL8 and how do they differ from TRL 9 activities?**

The conditions for the eligibility of the costs under the grant-only actions are set out in the [Model Grant Agreement](#). The applicants should detail in their submission which activities are supported by the grant – namely from TRL 6 to TRL8. But even for a grant-only proposal, TRL9 and deployment activities have also to be detailed although not covered by the grant, as a demonstration of the intention and ability of the beneficiary to deploy to market, and of the expected impact of the proposal.

When it comes to the definition of the specific TRL activities, reference will be made to the [General Annex G](#) of the [Horizon 2020 Work Programme](#) and additional details and examples will be provided in the [Guidelines for Applicants](#).

### **34. What are the eligible costs for specific activities TRL 9 or above?**

As TRL9 and market deployment activities cannot be covered by the grant, the concept of “eligible costs” is not applicable to these.

Equity provided to the company can hence be used to cover any such related expenses, but also to provide for the 30% co-financing of the TRL6 to 8 activities covered by the 70% grant: equity is an asset of the company that can use the way it sees best.

The activities of TRL 9 or above will cover activities in preparation for the innovation to be ready for full-scale operations as well as commercialisation activities.

The application form will detail which activities are supported by the grant and which will be covered by the equity and/or other sources of funding if any. This will be reflected in both the Grant Agreement and the Investment Agreement.

### **35. Where and when will information on TRL be requested?**

Information on the TRL or its equivalent for non-technological innovation will be requested in the proposal at the submission stage in order to assess the compliance with the related provisions in the [EIC Work Programme](#) (i.e. at least undertake activities of TRL 6 or above up to TRL 8 included, and financing of activities above TRL 8 through equity only)

Applicants are required to provide detailed information about the TRL level (or its equivalent for non-technological innovations). In that context, applicants should be aware

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<sup>2</sup> [https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014\\_2015/annexes/h2020-wp1415-annex-g-trl\\_en.pdf](https://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/annexes/h2020-wp1415-annex-g-trl_en.pdf)

that activities above TRL 8 can only be funded thanks to the blended finance option (equity).

Eligibility of activities with regard to TRLs is described in detail on page 8 of the [Guidelines for Applicants](#). In case of doubt, expert evaluators and jury members will decide.

**36. Who will ultimately decide on the classification of activities under TRL 8 or 9 and beyond?**

The assessment of the TRL (or equivalent for non-technological innovation) will be performed by expert evaluators and jury members during the 2 steps of the evaluation process. The TRL (or equivalent) is considered in the assessment of the eligibility and admissibility as indicated in the [EIC Work Programme](#). Proposals not providing the required TRL information are not admissible. Nevertheless, the final classification will be done during the interview by the jury, based on the information provided in the submission forms and further details and explanations provided during the interview.

**37. Before the application is handed over to the remote evaluation by experts, will there be an initial assessment of the TRL of activities envisaged, to identify the right type of support (grant only or blended finance; or grant refused). Who will be in charge of this initial classification of activities regarding their TRL?**

TRL assessment is not considered as an eligibility issue. It will hence be performed by evaluators – remote evaluators and jury members.

**38. When replacing the "initial grant requested" in case of a "change into blended finance" decision, will that replace the whole requested grant or only the grants for those activities above TRL 8?**

The grant part of the blended finance proposals will be reduced by the amount of the grant requested for activities above TRL 8. It is the jury that will propose the cut, based on data and information included in the proposal and additional explanations collected during the interview. This amount will be transferred to the equity part, in the case of a blended-finance proposal or if consent to receive a counter proposal has been given in the proposal.

**39. What happens if I did not tick the equity button in the template and there are activities seen as TRL 9 activities by the evaluators?**

If you did not apply for blended finance and did not give your consent to receive a counter-proposal for a conversion of part of your grant into blended (combination of grant and equity), the potential grant will be reduced.

The proposal may still be considered for selection and funding, though. The counter-proposal will consider these non-grantable activities as activities for TRL9 and higher.

But one must stress that if the proposal contains no information as to how TRL9 and above activities will be funded, as the company erroneously intended to cover these by the grant requested, it runs the risk that the proposal will not be retained.

**40. Is the equity component applicable to TRL 6 activities? Will the EIC Fund be ready to join an investment round, in parallel to a grant, in TRL6?**

See answer to question 34.

The equity investment made by the EIC Fund will be made complementary to the grant. The grant agreement and the investment agreements will reflect the scope of the coverage of the activities expected to be delivered by the founders.

Equity is an asset of the company, who can use it the way it sees best. It can be used for example to cover some RDI activities - namely the 30% co—financing of the TRL6 to 8 activities covered by the 70% grant, as well as to pay for TRL9 activities and above.

**41. If the grant is insufficient to cover all of the 70% of the eligible costs of TRL 6 to 8 activities, can the equity be used to cover the difference?**

As indicated under questions 34 and 40, equity (or any future form of reimbursable support) is neither linked to the concept of eligible costs, nor to a specific TRL. It is because a public authority cannot provide grant above TRL 8, due to State Aid rules of the Union, that the EIC provides equity to continue supporting a project's implementation beyond that limit.

Equity is an asset of the company that it can use to the best of its interests. As indicated under above-mentioned questions, it may indeed use it to pay for activities not covered by the grant, but also the 30% co-financing of TRL 6 to 8 activities. Henceforth, if the grant provided is insufficient to pay for 70% of these, due to the applicable maximum grant amount (see question 77), the difference may be paid out of the equity, out of the company's asset.

This being said, and more concretely, should it appear at evaluation that the whole equity would be burned to only pay for TRL 6 to 8 activities and that the company would have no other potential resources to start deploying its innovation, evaluation would probably return a negative result.

## **G. Seal of Excellence**

**42. Will the EC award Seal of Excellence (SoE) to projects under both the Pathfinder and the Accelerator?**

The SoE will be only granted for the Accelerator.

**43. How will the SoE work for the grant-only part and for the blended under the Accelerator? Will there be any difference?**

Any proposal for the Accelerator Pilot, whether grant-only or for blended finance, and which is evaluated as deserving funding but cannot be funded due to available budget, will be awarded a Seal of Excellence for the activities that can be covered by a national/regional/local grant (TRL6 to 8). As for the Accelerator, such limitation relates to State Aid rules of the European Union.

**44. I have a proposal that was not funded in the Accelerator but received a ‘Seal of Excellence’. Where can I apply next and what are the benefits of the seal?**

The award of a Seal of Excellence allows a public authority, national or local, if it so wishes, to provide a grant to its beneficiary based on the evaluation performed by the European Commission, with no additional checks.

As to incentivize funding of Seal of Excellence, the Commission is moreover in the process of proposing:

- that such national or local public funding could be made at the **same level of funding and under the same cost eligibility rules** as those applicable to the SMEI Phase 2 and the Accelerator (70% of TRL 6 to 8 activities with a 20% flat rate for indirect costs), hence derogating to the usual lower applicable funding levels established by State Aid rules.
- that national and local authorities are given the possibility to **use “structural funds” (e.g. regional funds) of the European Union** they manage to provide such support

Finally, under the full-fledge EIC starting in 2021, **all Seal of Excellence including those awarded under Horizon 2020 will benefit from some EIC Business acceleration services**, as any direct beneficiary of the EIC.

Please, visit the EU [Seal of Excellence website](#) for more information.

## **H. Application**

**45. What is the process for applying to the Accelerator grant-only option and for the blended finance?**

There is a continuous open call until the end of 2020 for bottom-up proposals with five cut-off dates: 9 October 2019, 8 January 2020, 18 March 2020, 19 May 2020 and 7 October 2020.

Applications must be submitted through the [Funding & Tenders Portal](#).

A single template for funding under the Accelerator is available in the EIC website for the two different options (grant-only and blended finance).

The structure of Phase-2 proposals is articulated around two main parts, respectively called Part A and Part B.

- Part A includes the Administrative forms in structured data and contains general information, administrative data of participating organisations, budget for the proposal, ethics issues and call-specific questions<sup>3</sup>.

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<sup>3</sup> In the Part A of the form, “...applicants that apply for grant only option will have the opportunity at the time of submission to give the European Commission consent to provide the requested amount of funding in the form of blended finance, should the evaluation conclude there are activities above TRL 8 [...] The blended finance would replace the initial

- Part B is the part dedicated to the project proposal where applicants should detail all elements related to the innovation they are requesting funding for.

Applicants positively evaluated for blended finance will go to the grant preparation steps and will in parallel undergo a separate due diligence processed by the EIC Fund for the equity component, where they will be asked for additional information.

**46. What is the information that the companies will have to provide when applying for the grant-only and for the blended finance? What are the main differences?**

The information to provide is detailed in the proposal template. This form is based on the evaluation criteria detailed in the [EIC Work Programme](#).

Although all proposals are expected to detail TRL9 and above activities, only applicants for blended-finance will be requested to provide specific additional information.

Applicants are advised to group the activities to be performed with grant and equity support in a maximum of 5 work packages covering activities financed by grant or equity.

The applicants are required to indicate if the Work Package will be financed through equity or grant. Please whenever possible do not combine equity and grant in the same Work Package. If necessary to combine in the same work package, please specify the breakdown between equity and grant.

It is also required to define the indicative budget for the Work Package since this information might be used for the assessment of a counter-offer, should the evaluation conclude that some activities related to grant funding are above TRL8.

The time frame for work packages to be financed through equity are expected to exceed the duration of the grant.

It is the responsibility of the applicants to design the work plan in a way that it is intelligible and consistent with the abovementioned requirements.

All applicants are also requested to provide a pitch deck that will provide a high-level overview of the various aspects of the proposals for expert-evaluators but that will also be used for the jury interview in case they are invited to the second step of the evaluation process. Please note that only the pitch provided during the submission will be used during the interview (i.e. no update possible). You are free to structure the pitch deck as you see most fit for your unique situation.

**47. Where can I find the proposal templates and the guide for applicants?**

The information concerning the EIC is already in the [Funding & Tenders Portal](#). It will be updated according to the adopted [EIC Work Programme](#).

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grant requested at the time of submission. Applicants that do not express such consent will not be considered for a blended finance and **may** be rejected.”



**48. Who can help me in structuring and submitting my proposal?**

The submission and self-evaluation forms contain indications on the main points to include in the proposal and how they will be assessed. In addition, the [National Contact Points](#) (NCPs) and the [Enterprise Europe Network](#) (EEN) provide support to applicants.

**49. Is it possible to hand in several proposals for the EIC Accelerator Pilot at the same time?**

No. A company can only submit one proposal at a time. If more than one proposal is submitted, only the first one will be considered in the evaluation. In addition, an applicant needs to receive the evaluation results of previous submissions before it can submit a new one in case it was rejected. If a first submission is funded, the applicant will need to finish that project before it can apply again or another one, without prejudice for the possibility to request additional funding (see Question 30, Section D).

**50. Can we re-apply for the Accelerator – also in the case that the due diligence for the equity part was negative?**

If the due diligence for the equity part is negative due to fraud or misrepresentation, or if non-compliance were detected that could not be solved by mitigation measures, the company will not be entitled to re-apply.

**51. Are there any limitations on resubmissions?**

There is not limitation on resubmissions, but applicants are invited to consider the comments provided in the Evaluation Summary Report (ESR). In addition, the report might contain possible recommendations on resubmission

## **I. Evaluation and selection**

**52. How do the evaluation processes for both the grant and equity parts look like? How do they interrelate? Do they run in parallel or sequentially?**

Applications are evaluated in two steps: step 1 (remote evaluation) and, only for proposals that pass all quality thresholds, step 2 (face-to-face interview). Please, refer to the Enhanced EIC Pilot Phase 2 [Guidelines for Applicants](#) for further details.

The process of evaluation can recommend three outcomes: 'Go' decision, 'No Go' decision or 'change into blended finance' decision.

'Go decision' triggers EC conditional approval of an initial investment package (grant and equity component).

Whilst the grant and investments processes will be launched and run in parallel, their respective length will lead to sequential conclusions.

At the start of the grant preparation process, the company will also be referred to the EIC Fund for a due diligence process for the equity component in order to (amongst others)

(i) assess the compliance (AML/KYC<sup>4</sup>), through a “pre-due diligence phase” and (ii) run a “market appetite “testing, whereby the EIC Fund will check if there are co-investors on the market willing to take an equity stake in the company.

If there are no co-investors, and upon positive conclusion of the due diligence phase and of the investment negotiation, the EIC Fund will nonetheless provide the investment needed by the company. If there are co-investors that are willing to participate in the investment round, and if the company gives its agreement to such a participation, the EIC Fund will co-invest alongside such market players.

The EIC Fund will be managed in such a way that it will not crowd-out investors in the market, i.e. if there is immediate interest which can fulfil the entire actual equity needs of the company, the EIC Fund will even assume the role of a mere matchmaker between the interested investor(s) and the company, and will not necessarily offer equity alongside the investor(s).

The final Investment package/sum will be therefore adjusted depending on the outcome of the due diligence performed by the EIC Fund and the availability of co- or alternate investors.

It is unlikely that the result of the due diligence and investment negotiation processes will be known and closed at the time the grant agreement is ready for signature. Therefore, the European Commission will proceed with the signing of the grant agreement and the release of the initial pre-financing independently of that process. The grant agreement continuity will be however conditional on the positive outcome of the EIC Fund due diligence and subsequent investment agreement.

The EIC Fund will report the results of the pre-due diligence to the European Commission and will submit the final investment package to the EIC Fund governing bodies. The equity component will then be implemented alongside the grant component.

If the due diligence returns a “low risk” result, the proposal will be channelled to other European Union financial instruments for the equity component. In such a case, it must be stressed that failure to secure that component from that source or others, may lead to terminate the grant as for those proposals failing to due diligence or to conclude the investment agreement with the EIC Fund.

### **53. Which are the evaluation criteria for both the grant and equity parts?**

Proposals are evaluated by experts on the basis of three award criteria: 33% 'impact', 33% 'excellence' and 33% 'quality and efficiency of implementation'. The aspects examined under each criterion are described in the [EIC Work Programme](#).

In addition, the equity component will be subject to due diligence by the EIC Fund (see section M. Due diligence).

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<sup>4</sup> AML: Anti-Money Laundering, KYC: Know Your Customer.

**54. Will the interview phase be maintained? Will it focus only on the grant part or on both parts?**

Yes, the interview phase (step 2) remains and applies to all options of the Accelerator Pilot (except for the SME Instrument Phase 1). The jury will assess the application as a whole (financing for both grant and equity component).

The [EIC Work Programme](#) stipulates that “The 'leveraging of investments' and 'bankability' aspects are particularly examined in step 2 of the evaluation of Phase 2 proposals”. In particular for the equity, the jury will namely assess the need and use of the requested equity component and the associated timeline. The ability to raise funds will also be assessed.

**55. It is possible that the evaluation outcome for an application for “grant-only” is that the EC changes it to “blended finance”: must the applicant then /provide evidence for non-bankability?**

In the evaluation process, companies will be asked to describe how they have tried to attract funding and why they were not able to safeguard sufficient funding (non-bankability is simply understood as inability to attract sufficient funding).

Please note that the information is provided at the time of submission for both the grant part and the blended parts. In addition, the EC can only change the grant amount into equity (i.e. for activities above TRL8) if the applicant gives its consent at the time of submission.

Please note also that for the investment component of the blended finance, the EIC Fund may as part of its due diligence process, request additional information from the company regarding its commercial viability / non-bankability. Therefore, the EIC Fund may invite the companies to face-to-face interviews.

**56. What is the expected time-to-inform and time-to-grant for both options?**

The time-to-inform for the Accelerator Pilot grant part remains 4 months and the expected time-to-grant for the grant part remains 6 months from the date of application. The due diligence shall start one month after the evaluation decision interview phase (step 2) of the evaluation. The due diligence and the equity investment should take an additional 6 months (on average) from the start of the due diligence process, depending on the length of the equity negotiation, **but without delaying** the effective conclusion of the Grant agreement and the start of the project 6 months from the date of application.

**57. Who will evaluate my proposal? Is there any difference depending on the option (grant-only and blended)?**

There is no difference: independent, external experts with strong backgrounds in technology/industry sectors, business and finance will carry out the evaluation in both cases.

**58. Do I have the option to switch to blended financing after I have submitted my grant-only proposal?**

No, once submitted a proposal cannot be reworked before it has been evaluated.

**59. For the blended option, when can I execute the grant part? Can I execute the grant part and decide when to activate the equity part?**

The grant action will start on the date stated in the grant agreement, following its entry into force of the grant part.

For the equity investment, various options will be possible depending on the timing of the equity needs. The equity agreement will provide schedule of tranches of investment, which may be based on milestones.

**60. How is the risk assessed? If an application is rejected because of a lack of risk, would the company be directed to other financial instruments?**

Various typologies of risks are covered during the evaluation, including technology, regulatory and implementation/market risks. The experts will assess the considerations given to the management and mitigation of these risks. The assessment of the non-bankability relates to the risk profile of the investment, hence the opportunity to award or not an EIC support. If the level of risk is high, the project will be deemed non-bankable and therefore be supported by the EIC Fund.

Proposals initially rejected on the basis of their bankability but assessed as viable for other types of EU financing will be invited to consider other European Union financial instruments or find alternate solution on their side.

**61. Venture capitalists may be involved in the evaluation as experts. How is the EC going to avoid any conflict of interest? (Typically they may have a direct or indirect competitor in their own portfolio and may be tempted to evaluate lower potential competitors)**

The contract and briefing of experts clearly and strongly outline the scope and definition of conflict of interest. Experts are requested to indicate if there are in such a situation and when there are elements impacting their objectivity.

**62. Are the chances for getting selected the same whether we apply for the grant-only or the blending financing?**

It is a single common open competition for both cases, and the evaluation procedure is basically the same (see question 52). In this context, it must be stressed that the EIC Fund will not re-evaluate the proposal, but will simply carry out all the necessary checks for the equity investment.

Thus, the success rate will depend on the number of proposals received for both grant and blended finance and the budgets allocated for a specific cut-off to grant and equity, respectively.

**63. When preparing a proposal for EIC Accelerator Pilot, what does “financial needs to ensure the company’s success” mean (award criteria ‘impact’)?**

It consists in the quantification of the funding needs (equity, debts) to achieve successful market deployment and scale-up within the associated timing.

**64. In the evaluation template, what does the sentence “*taken as whole, to what extent the above elements are coherent and plausible*” mean?**

This sentence existed in previous versions of the [EIC Work Programme](#) and award criteria. It implies that the experts will assess if all the information and elements provided for the relevant criteria are “coherent and plausible”. In other words, this is an overall assessment of the criteria, judging all information as a whole.

## **J. Bankability**

**65. What is the definition of non-bankable projects?**

In the evaluation process, companies will be asked to describe how they have tried to attract and why they were not able to safeguard sufficient funding. In the context of the Accelerator, non-bankability is hence to be understood as meaning “inability to attract sufficient funding”.

Thus, a proposal shall be considered as non-bankable if it is not able to attract sufficient financing due to the high-risk level or the existence of a market failure.

For instance, this concerns proposals where capital market response is absent and/ or insufficient as they are too risky for private investors, banks or for EU financial instruments. Yet, they may well have the potential to scale-up in the future. These companies could be either pre-revenue, or with revenues but non-profitable, or with a commercial activity but unable to raise the investment needed to full deployment of their potential.

**66. What kind of documentation is required as evidence for non-bankability?**

The evidence of the non-bankability will be provided in the submission forms, through financial information related to the project launch and scale-up but also elements on the financial requirements, the equity (if applicable) and the need for EIC support.

It will be also checked on the level of the equity component, where during the due diligence process the community of EU VCs’ interest to invest into the company will be tested.

An applicant may have secured on its side co-investors ready to partially finance the project activities, on the condition of receiving additional investments such as EICs’. In such a case, the company shall not be considered as bankable.

The non-bankability does not preclude the requirement for the company to have good financial management.

**67. How is the non-bankability assessed and by whom?**

A project shall be considered as non-bankable if it is not able to attract sufficient financing due to the high-risk level or the existence of a market failure.

In the evaluation process, companies will be asked to describe how they have tried to attract funding and why they were not able to safeguard sufficient funding.

Independent, external experts with strong backgrounds in technology/industry sectors, business and finance will carry out the evaluation.

**68. What is the mutual conditioning between high-risk and non-bankability?**

The Enhanced EIC Pilot is aimed at financing high-risk innovations that due to their nature are not able to safeguard enough financing from the market, thus deemed non-bankable. High-level of risk and/or market failure will result in non-bankability.

It is then expected that the financing granted by the Enhanced EIC Pilot will decrease the level of risk, hence attract co-investors that would otherwise abstain.

**69. Would previous investments made in the company disqualify it from receiving Accelerator funding?**

No, as long as the company can provide evidence of not being able to attract enough investments and not having enough financial traction regarding the project submitted for financing.

**70. If following evaluation an application is evaluated 'bankable' and therefore, rejected, would the company be directed to other financial instruments? Is this also relevant for applicants from Associated Countries?**

Bankable projects will be invited to consider other EU financial instruments. Under Horizon 2020, legal entities from Associated Countries are eligible to InnovFin instruments managed by the EIB Group.

**71. What happens if investors are attracted to the company but alignment is not satisfactory? Would the company still be categorized as bankable? Who will make this decision? The EIC Fund? What if existing investors are not able to make sufficient follow-on investments – will the company still be categorized as bankable?**

Company having a co-investor willing to finance only certain elements of the projects, or subject to additional co-investment and risk sharing, will not be considered automatically as bankable.

Similarly finding a co-investor that is not appropriate does not constitute proof of bankability.

Bankability is assessed at the level of evaluation and further verified by the due diligence process. Any final decision is for the Commission.

**72. If my company comes with a (new) investor to invest in parallel with the EIC Fund, is this favourable for the non-bankability or not? Under which conditions?**

The fact that the company may have identified investors that are interested in the company's project does not preclude the company from receiving Accelerator support, if risk is still considered as high and the EIC financing needed to secure those investments.

In fact, one of the central objectives of the EIC Fund is to attract co-investors even if they invest small shares or play a non-financial role to begin with (i.e. mentoring companies to develop their technologies).

Nevertheless, initial and subsequent co-investors will have to undergo the EIC Fund due diligence process, as a mean to ensure protection of the financial interests of the European Union.

**73. What role does 'bankability' play in step 1 evaluation, in step 2 evaluation and in the EIC Fund due diligence process? Does it thereby render irrelevant any oral argument concerning bankability during the step 2?**

During the evaluation, the non-bankability criterion is reviewed both by the remote evaluators (step 1) and the jury (step 2). The [EIC Work Programme](#) specifies that the 'leveraging of investments' and 'bankability' aspects are particularly examined in step 2 of the evaluation of EIC Accelerator Pilot proposals, which is during the interview by the jury. Oral arguments are hence heard and relevant.

**74. What is the maximum current private investment share in my company to deem the operation still non-bankable, if any?**

It is a case-by-case assessment.

In addition, the fact that a co-investor is willing to finance only a certain portion of the projects' activity does not constitute sufficient proof that the project is bankable.

**75. Is the criterion of "bankability" referring to the current round of the company, when applying, or is it looking at the company at large?**

The assessment of bankability relates to the company at large, that is all its assets and potential revenues from other activities if any.

## **K. Blended general conditions**

**76. How will the blended finance process function? Will there be room for negotiation?**

Proposals granted 'Go' decision will be directed to the EIC Fund that will initiate the investment process as follows. It will:

1. Conduct a pre-due diligence (checking integrity & reputation, early risk / warning detection) and coordinate with the European Commission. First discussions with founders may already take place at this stage.
2. Invite the founder to a due diligence (in-depth check of the team, company ownership structure, the IPR, legal terms and financials will take place).
3. In parallel to step 2 the EIC Fund will conduct a market test actively seeking for co-investors.
4. Following step 2 & 3, the EIC Fund will issue a proposal addressed to the EIC Fund Investment Committee with a recommendation to invest (or not).

5. Upon positive outcome of the EIC Fund Investment Committee, the founder and the investment adviser of the EIC Fund will enter into legal negotiations to structure a contractual agreement.
6. The final agreement will be presented as a recommendation to the Board of Directors of the EIC Fund that will make a decision on the investment and sign the agreement.

**77. What is the minimum and maximal support for the equity part I can apply for?**

The maximum equity support is EUR 15 million.

There is no minimum per se. However due to the purpose of the EIC Accelerator, it is legitimate to foresee a minimum support of several hundred thousand Euros, worth the efforts on both sides.

The support will be provided in several negotiated instalments.

**78. In which proportions will grant and equity be respectively funded?**

Grant – EUR 0.5 million up to EUR 2.5 million

Equity / Quasi Equity - up to EUR 15 million (average ticket is expected to range from EUR 0.5 million to EUR 5 million per company)

You can request a higher or lower amount, per component or overall, subject to due justification.

**79. Existing investors/VC in the SME should provide an up-front confirmation that they will accept a blended finance?**

Yes, and they will also partake in the equity agreement negotiation.

**80. What will happen for a company that can license its innovation and has no need for private investments during the growth stage?**

It can apply for grant-only if it still needs any EIC support (high risk, no secured pre-order from any client).

**81. According to what technical condition a SME decides from the application writing stage if it opts for "grant" or "blended finance"?**

Depending on its ability to secure or not the financing necessary to finalise innovation activities and deploy to market, in addition to the grant which only covers partially the firsts and not the second.

It must be stressed that the European Commission will not award a grant-only support to a company that cannot demonstrate it has secured or has the ability to raise the additional funding necessary to co-finance the 30% of the 70% grant and finance TRL9 and market deployment activities.



**82. Will a company be able to give a negative answer to the EIC Fund, and choose other equity investors without giving up the grant component?**

It must be stressed that EIC Fund will be a “friendly temporary investor”: it will step in and stay as long as its investment is needed, it will step out as soon as it is not anymore.

Henceforth, if the company decides to apply for the EIC Fund blended finance option, it will benefit from both the grant and the equity/quasi-equity investment from the EIC Fund. But the founders are free to negotiate and even reject the investment terms proposed by the EIC Fund.

However, it must be stressed that should the company renounce to the investment component without securing alternate investment, this may have a negative effect on the continuation of the grant agreement.

Such alternate investors will be subject to due diligence process by the EIC Fund to ascertain pertinence regarding the objectives of the project and viability, in order to ensure that the grant awarded remains justified (protection of the financial interests of the European Union).

During the project lifetime, on its own, the company is of course entitled to secure additional co-investment to EIC’s or even alternate ones to substitute to EIC’s.

**83. Are there any predetermined minimal levels of financial ratios to be fulfilled by company/ project?**

During the evaluation process, external experts will look into financial information provided as Annex in an .xls file. The pre-calculated ratios will be available for experts to make informed decisions. However, the minimal acceptable levels of ratios are not predetermined.

**84. What happens to the grant in case the due diligence for the equity part is negative? Must the pre-financing be paid back?**

In the event of a negative due diligence, but also of the rejection by the company of the EIC Fund terms and/or in the absence of any alternate investment, the Commission may normally terminate the grant agreement and pay only for costs incurred prior to termination (see question 52). Where negative due diligence is based on fraud or misrepresentation, termination of the grant may however entail the full recovery of the amounts already transferred, as provided for in the grant agreement.

**However, the Commission may also, on a case by case basis, decide on the continuation of the grant where it considers that implementing some or all TRL6 to 8 activities is nonetheless of interest for the Union.**

## **L. The EIC Fund**

**85. What are the ‘conditions’ of the EIC Fund investment?**

The companies must fall within the EIC Fund’s investment focus namely:

1. Be established and operating in EU countries and Horizon 2020 Associated Countries.
2. Be mainly in pre-seed seed and early stage and present a high technology component (but not restricted to tech).
3. Be interested in receiving an investment by EIC Fund in the form of quasi-equity or equity.
4. Be positively evaluated (Go decision) for blended finance under the EIC call.

**86. Who will be the investor of the EIC Fund? Where does the money for the equity come from? Is the EIC Fund fully owned by European Commission?**

The European Commission will be the first and (most likely) the sole investor of the EIC Fund during the pilot phase. Given the EIC Fund's legal structure, decisions will be taken by the investors (European Commission) in the EIC Fund governance bodies.

The financial resources for the equity investments come from the Horizon 2020 budget for EIC Accelerator. The possibility of creation of additional compartments together with National Promotional Banks (NPBs) and innovation agencies is envisaged and possible within the legal structure of the EIC Fund, thus there is a possibility of further budget increase.

The European Commission will be in charge of selection of deal-flow for the EIC Fund (under the Call for blended finance) and will retain the ultimate control of the EIC Fund.

**87. What is the legal structure of the EIC Fund?**

The EIC Fund is expected to be established under Luxembourgish law, incorporated as a public limited liability company (*Société Anonyme* (SA)) with variable capital (SICAV) in the form of a Reserved Alternative Investment Fund (RAIF), under the name EIC Fund.

**88. Who will manage the EIC Fund? Is it staffed with EC officials?**

The structure of the fund will be set-up by the EIB Group, which will also act as the EIC Fund's investment adviser, managing the due diligence process and performing other services on the basis of the Horizon 2020 Delegation Agreement (DA) concluded with the European Commission, and a separate investment advisory services agreement to be concluded between the EIC Fund and the EIB Group. The EIC Fund will be internally managed by its board of directors composed by representatives appointed by the European Commission as sole investor.

**89. What is the governing structure of the EIC Fund?**

The EIC Fund will be structured as an umbrella vehicle in order to allow for the launching of several compartments. Each compartment will be structured as a closed-ended fund set up for a limited duration; initially (during the current programming period), the EIC Fund will be reserved for investment by the European Commission. At a later stage (the next programming period) it is envisaged that the EIC Fund will be able to accommodate investments by other public and private investors if any.

The European Commission will be participating in equity as shareholder in the EIC Fund. As described in question 88, the EIC Fund will be internally managed by its board

of directors and the EIB Group shall be performing the functions of investment advisor. The EIB Group will draw upon its own internally available expertise and outside expertise to perform this task to the highest professional standards.

Further:

- The EIC Fund Board of Directors will oversee the investment strategy of the fund. The EIC Fund Board of Directors will be composed of members appointed by the investors (i.e. European Commission), and are expected to be representatives of interested Commission DGs.
- Under the applicable law, the Board of Directors has the ability to delegate certain management functions to one or more delegates (portfolio managers) or to create one or more investment committees. It is envisaged that an Investment Committee would be set up at the level of the first compartment of the EIC Fund (composition to be proposed by investors and appointment to be made by the Board of Directors) to make the investment and divestment decisions in the normal course of business.
- Depending on the number of investors in the Fund, an Advisory Committee (AC) may be established as a non-executive body.

## **M. Due diligence**

### **90. What documents are needed to perform a due diligence and when does the SME present it and to whom? Does the EIC Fund need additional data or a new proposal for the due diligence process?**

The documents for the due diligence will be requested on the case by case basis depending on the individual situation of the company and might include, inter alia, such information as:

1. Financial Information (past and projections)
2. Product / Service
3. Competition
4. Target market
5. Marketing, Sales, Distribution
6. R&D
7. Management and staffing
8. Legal and related matters

The preliminary financial documentation will be gathered in the submission phase. Further documentation will be requested by the EIC Fund throughout the due diligence phase.

### **91. What is assessed in the due diligence process that has not been examined in step 1 and step 2 of the evaluation?**

EIC Fund due diligence is neither a re-evaluation nor a re- assessment of the initial evaluation.

Except in specific cases<sup>5</sup>, the EIC Fund due diligence will not aim at putting into question the decision of the Commission to support the proposal. The due diligence will aim at identifying any potential red flag associated with a company, at further assessing the risk of the equity investment and at defining its main characteristics, in order to **define a tailor-made investment that fits the needs of the company and of the project.**

To support this process, the EIC Fund will request additional documents, on a case-by-case basis, before and in the course of the due diligence process. These documents, together with the information provided in the submission forms, will be used to:

- assess the compliance, KYC<sup>6</sup>, AML<sup>7</sup> aspects of an investment;
- perform legal assessment, including IPR, contracts, ownership and capital structure;
- evaluate commercialization paths, including confirming the sought investment amount;
- define the optimal investment structure, including type of financing and underlying features;
- estimate of the total financial effort needed to bring the project or technology to market;
- set milestones and tranches for financing;

Projects will be screened and assessed by the EIB Group in its role as an advisor to the EIC Fund, on the basis of the Investment Policy and Guidelines approved by the EIC Fund Board. All projects which have undergone due diligence will be submitted for decision to the Investment Committee of the EIC Fund for approval.

The Investment Committee can then decide to recommend the project to be declined (in rare cases) to the EIC Fund Board. **The Commission retains the final say in such cases and may by-pass such recommendation.**

The EIC Fund will also use the outcome of the due diligence in a match-making process (i.e. research of co- or alternate investors) with a vetted community of EU investors<sup>8</sup>, in order to provide them with sufficient elements to take an informed decision. Thus, some elements of the due diligence can be used to tailor the monitoring of the grant and equity to the particular features and situation of the company.

## **92. Who carries out the due diligence?**

The due diligence is carried out by the investment adviser to the EIC Fund, on its behalf, and when appropriate by other potential co-investors.

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<sup>5</sup> Such as fraud, misrepresentation, money laundering, non-compliance, etc., that would lead to the cancellation of the whole EIC support, including the grant.

<sup>6</sup> Know Your Clients

<sup>7</sup> Anti-Money Laundering

<sup>8</sup> In particular but not only investors benefiting from EFSI (Juncker Plan) and InnovFin (Horizon 2020), but also investors willing to support EIC activities

**93. When does the due diligence start? How long does the due diligence usually take?**

The applicants that receive a ‘Go decision’ for the blended finance (after the interviews) will be redirected to the EIC Fund for due diligence. It should start at the latest 1 month after evaluation decision, priority being given to the Grant Agreement preparation and subsequent conclusion. The due diligence process and the negotiation of the equity component should take 6 months on average, but will not affect the preparation, signature and entry into force of the Grant Agreement.

**94. What kind of feedback do companies get from the due diligence?**

Feedback on various aspects (e.g. product/market strategy, HR strategy, etc.) will be provided to companies post due diligence.

**95. May the procedure take into account other due diligences made earlier and/or by other institutions?**

No. All “Go” projects will undergo EIC Fund due diligence process due to the specifics of its objective and strategy (go for high-risk ventures).

## **N. Company valuation**

**96. What is the methodology and process, including duration, for the company valuation?**

There is no pre-set methodology for company / project valuation as this matter is highly dependent on the stage, size, market in which the company operates as well as the technology it develops. Nevertheless, the EIC Fund will adhere to the International Private Equity and Venture Capital Valuation Guidelines (IPEV), intended to represent current best practices on the Valuation of Private Capital Investments.

The IPEV Guidelines consider six valuation methodologies as those most common used in private equity:

1. Price of recent investment
2. Multiples
3. Net assets
4. Discounted cash flows or earnings (of the underlying business)
5. Discounted cash flows (from the investment)
6. Industry benchmarks

From a practical perspective the valuation of a company will mostly likely be determined by:

- The private co-investors through negotiation with the company founders and the EIC Fund in case of interest of third-party investors to participate in the financing round alongside the EIC Fund.
- If the EIC Fund is investing alone, it will most likely make the investment via a convertible note, which leaves the valuation setting for the next investment round.

- The convertible loan conditions will be detailed in the agreement between the EIC fund and the applicant. They include the usual conditions (such as term and interest), those related to the conversion (for instance capping of EIC Fund share at 25% maximum) and repayment conditions in case the loan will not/can't be converted).

**97. Who will make the company valuation? Is it binding or can be negotiated? Is the valuation pre-grant or post-grant?**

The investment advisor of the EIC Fund will be evaluating the valuation of companies with regards to the EIC Fund investment objective and strategy (go for high-risk ventures).

In case of a third-party co-investor, such co-investor will be leading the valuation process with the final valuation set in negotiations with the company founders and the EIC Fund.

The valuation will consider the grant component but will be ultimately driven by the commercial perspectives of the company.

The valuation is negotiable and has to be mutually agreed by the company, the EIC Fund and the third-party co-investors.

In case of no third-party co-investors, the EIC Fund will most likely make use of **convertible note instruments**, which leaves the valuation setting for the next financing round. However, in case the EIC Fund would have to take **on a different instrument** or an equity participation, notably because the issuance of a convertible loan would not be possible in a given jurisdiction, it would apply a standard valuation. The latter shall be part of the main Term Sheet that will be published once the EIC Fund established by the European Commission.

**98. Do the existing shareholders (investors and founders) have a saying on the valuation? Can they seek independent experts to this end?**

The valuation basis will always be a result of a negotiation involving all interested parties, which is the EIC Fund, the founder(s), existing investors if any, and any interested new co-investors identified by the EIC Fund.

**99. According to Horizon 2020 rules, revenues generated by the Intellectual Property generated by the project are not considered as receipts. Where blended finance is awarded, the European Commission will act as funder and investor. In that case, will such revenues be then considered as receipts, or not?**

Not in relation to the grant, which will not be reduced accordingly. That Horizon 2020 rule on “receipt” will apply fully. However, any such revenue constitutes an asset of the company. Hence, the EIC Fund as a shareholder (and the European Commission has its exclusive/main investor) may *de facto* benefit from such revenues if any dividend is paid out of it to shareholders.

More generally, with regard to the management of Intellectual Property, the following should be noted:

- In the case of an **EIC grant-only support**, Horizon 2020 rules provided for in the grant agreement will fully apply;
- Where **EIC provides blended finance**, those Horizon 2020 rules will be set aside. The beneficiary will manage Intellectual Property to the best of its interests and its shareholders', as for any other company asset, in order to ensure successful implementation of the project and deployment of the innovation. **However, should the European Commission terminate the grant agreement** before its agreed end, Horizon 2020 rules on Intellectual Property will be re-enacted and applicable.

## **O. Match-making EIC Accelerator Pilot applicants and third party co-investors**

### **100. What are the process and conditions of match-making co-investors with EIC blended finance applicants? How is the community of EU VC-s formed and reached?**

The EIC Fund investment advisor will form a community of pre-checked, trusted VC's and investors, mainly those involved in EFSI<sup>9</sup> (Juncker Plan) and InnovFin, but opened to any other willing to support the EIC. The process of matching with investors / mentors will be facilitated through a sophisticated digital platform solution. It will serve as market test for identifying possible investors, co-investors or collaborators. The company will be presented with VCs that express the interest to invest.

The company will always have a final say in accepting or not a co- or alternate investor and may also look for and propose alternate or co-investors of its own.

### **101. Will I (my company) have visibility of, and a say on, which VCs should be given the option of investing if this is to be achieved by an EIC Fund market test?**

Yes. The company will be presented with VCs that expressed the interest to invest (in the sequence of expression of interest – probably two first VCs that will express interest within the pre-designed digital selection process). The company will have a final say in deciding which co-investor to choose, and even to refuse those proposed and find alternate solution of its own. If no agreement can be reached, the EIC Fund will become the sole investor.

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<sup>9</sup> [European Fund for Strategic Investments](#)

**102. What happens if I turn down equity offered by a private investor upon the matchmaking with the community of VCs? Will I lose the opportunity to get the EIC Fund equity investment?**

The applicant shall not lose the opportunity to get an EIC equity investment. It shall have the right to turn down a co-investor if the founders do not agree the terms offered.

The EIC support will still be provided (grant and equity), with the EIC Fund becoming the sole investor into the company.

Should the founders neither be in agreement with the terms proposed by the EIC Fund, the grant agreement may then be terminated by the EC, should it consider that the project will not be able to deploy to market due to the lack of investment and as a mean to protect the financial interests of the Union.

**103. Finding investors is not just a question of attracting funding, but also a matter of alignment of interests. What happen if investors are found but alignment is not satisfactory? Would the company still be categorized as bankable? Who will make this decision (the EIC Fund)?**

See question 102. Having a co-investor contributing to financing only a certain fraction of the projects' activity or subject to other co-investments does not constitute sufficient proof that the project is bankable. Similarly finding a co-investor that is not appropriate does not constitute proof of bankability.

**104. Will the company be able to choose another investor to match the investment criterion that was decided on by the evaluation?**

It will be the EIC Fund through the matchmaking process who will provide an option to private investors. The company will be able to refuse the co-investor. In other words, it will always retain the final say as to which investors and terms proposed it wants to proceed with. It will also have the possibility to bring its own co-investors (subject to their due diligence by EIC Fund).

## **P. Investment strategy**

**105. What is the investment strategy of the EIC Fund?**

The EIC is the first of its kind EU intervention in direct equity type of investments in combination with grants. Its purpose is to integrate all EU funding for high-risk breakthrough and commercially oriented innovation into a single stop-shop facility. The pilot will focus mainly on high risk companies in their pre-seed, seed and early stages of development established and operating in EU and Horizon 2020 Associated Countries, mainly active in capital intensive sectors.

The EIC Fund strategy will put the mechanisms in place to prevent counterproductive founders dilution terms, ensure space is provided for private investors to jump in, do not create market distortion and ensure the sustainability of its vehicle.

**106. Will the EC be a "silent investor"? What does it mean? Will the EC have a vote on the company board? Will the EIC Fund exert influence on our**



**business in any way? Any vote right-veto right-right to assign a board member...?**

Except for project of strategic interest for the European Union, where the EIC would condition its overall support to a possible blocking minority, the EIC will opt for “preferred rights” and will not interfere with the management of the company beyond the required measures. The existence of strategic interests will be assessed on a project by project basis, in relation to the political priorities and policies of the European Union. Such strategic interest will be deemed to exist, for example, where a project involves strong security/defence aspect, or where the EU wants to establish some European sovereignty on a key technology (e.g. A.I.). The EIC Fund might then have an observer seat in the governance bodies of the company.

Where it is the sole investor, the EIC will strive to secure mentoring for the company, with its agreement, in particular via investors having expressed their interest to invest at a later stage, whilst thereto not interfering in its daily operations. In case this is needed this can be complemented with expertise available within the EIB Group and its extensive network.

The EIC Fund will also be ready to be substituted at any time by any alternate investor willing to buy its share at market price.

**107. How will the ownership structure of the company change with the equity investment?**

The ownership structure of the company may not change if the EIC Fund invests using convertible debt type of instruments (in case there are no other co-investors) or in the form of equity investment (in case there are other investors).

When the EIC Fund makes equity investments in the portfolio companies the fund will be seeking preferred rights unless not required by a third-party lead investor and offer market conform terms for liquidation preferences. There will be the possibility for founders to buy-back the shares from the EIC Fund once the company has developed and technology matures and agreed upon between the parties. This will be considered on a case-by-case basis.

**108. Which percentage will be maximum equity share for the EC?**

The EIC Fund will be seeking stakes between 10% and 25% of the voting rights<sup>10</sup>. It is paramount to avoid counterproductive founder’s dilution. Stakes below 10% are possible when it is indeed the percentage judged as corresponding to the investment on the basis of the due diligence. However, where strategic interests of the European Union are considered to be at stake, and as a condition for the overall EIC support (grant + equity), the EIC Fund will possibly acquire a blocking minority.

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<sup>10</sup> Please note that where the European Commission considers that the proposals relate to strategic interest of the European Union, the EIC Fund’s target will be the blocking minority.

**109. Is there a preliminary starting point (standard term-sheet) of the EIC Fund investment? Will the conditions vary from case to case or will they be the same for all companies?**

Yes, there is a standard term sheet that EIC Fund will provide to the founders when starting the due diligence. The due diligence shall start at the latest one month after the evaluation decision (following the interview phase (step 2)) has been taken. The indicative terms will be made available to the public and published on the relevant EIC website. Nevertheless, the standard term sheet may need to be adapted to the particular investments on a case-by-case basis, to provide each EIC beneficiary with a tailor-made support.

**110. Shall the EC/EIC Fund request some special shareholder rights in the shareholders agreement? Will the EC take common or as preferred stock?**

The EIC Fund will be typically seeking preferred rights unless not required by a third-party lead investor and in line with regular market practice.

**111. Will there be a requirement for the company to create an option pool for the employees?**

This will be considered on a case-by-case basis in line with market practices and upon agreement of the company founders and third-party investors (if any) and mentors (if any), since this is a strategic question inherently linked to the vision and HR strategy of the company.

**112. Who negotiates the new shareholder agreements of the company?**

The EIC Fund investment advisor. The conditions are then submitted for approval to Investment Committee and the EIC Fund Board.

**113. Is the financing of the equity component paid in tranches or in one instalment?**

In tranches – number and size of tranches are subject to individual negotiations and to milestone accomplishment. Key performance indicators will be established and agreed upon during the due diligence and negotiations phase between the founders and EIC Fund.

**114. What kind of equity investments are made and under which conditions?**

Preferred equity and quasi-equity.

**115. What is the time perspective on return on investment?**

Exit after 7 - 10 years on average (maximum 15 years, for example in the health sector). No pre-defined levels of returns (case-by-case), as EIC objective is “impact investment” more than “return on investment”.

**116. Who negotiates the rights of previous investment at the sight of the EC entrance?**

The EIC Fund investment advisor on behalf of the EIC Fund.

**117. How will the EIC Fund deal their invested SME across EU and meet their obligations as required nationally?**

The EIC Fund investment advisor will rely on its network of local legal firms to provide external advice on regulatory bespoke regimes.

**118. How will investments be structured (how many rounds)?**

On a case by case basis. On average 5 tranches are envisaged based on milestones agreed.

**119. Is it proposed investment will be by way of ordinary shares or have convertible shares been considered? If so, whom will dictate the time of conversion (the company or the EIC Fund), on what terms, and under which conditions and what profile of investors would be deemed to trigger a conversion?**

EIC Fund will offer both convertible debt type of financing (standardised with jurisdiction specific adjustments, as applicable) and equity investments (in the event other co-investors come along). In case of convertible loans there will be an automatic conversion on next round, maturity or other events (change of control).

**120. Will the EC invest on the same conditions as co-investors?**

The EIC Fund will seek to invest pari-passu with other co-investors.

**121. How will existing business angels invested in companies be dealt with?**

The ownership structure of the company once it applies for blended finance will be subjected to the due diligence process, which will look also into the most feasible investment structure from the perspective of the EIC Fund. That entails, that the recommendations will be made on a case by case basis as to the most suitable future ownership structure.

## **Q. Investment management**

**122. In case we need more or less VC, is it possible to change the amount of the equity part afterwards we signed the contract?**

The EIC Fund would not give the full amount of financing in one go but rather tranche the investment based on milestone achievements. Redemption of shares or conversion to equity shares may be contemplated upon the agreement of all involved parties. This will be also dependent on the national corporate law perspectives, depending on the form of intervention i.e. equity or quasi equity.

Financing needs may occasionally require reassessment by the EIC Fund or the founders and this should be discussed on a case-by-case basis. In the cases where the company deems it might need less capital from the EIC Fund, lowering the amount will be a matter of re-negotiation. As a “friendly temporary investor”, the Commission intends to stay in an investment only as long as it is needed. The EIC Fund may also provide further rounds of financing in line with the company development and the change of its business

needs. Where such rounds exceed the initial support awarded by the European Commission, its approval will be necessary.

**123. What happens when our SME gets bankrupted during the equity-financed-phase?**

The EIC Fund may proceed to the liquidation of the shares in case it has invested in equity or accelerate its debt in case it used a convertible note.

**124. Is the EIC Fund expected to offer founders to rebuy partially the EIC Fund equity? If so, under which conditions?**

Share get-back (or earn-outs) could be a feature of the financing offered by the EIC Fund to potential companies as an incentive for meeting or exceeding certain KPIs.

Buy back shares of the company by founders could be structured as a liquidation option of the EIC Fund when considered convenient.

**125. How will the operation be monitored over time?**

The EIC Fund investment advisor, on behalf of the EIC Fund, will be responsible of the portfolio management for the companies as well as of the continuous coordination with the Commission in order to set milestones for financing tranches and exchange regularly on the companies' developments. Management will be coordinated by the European Commission as long as the Grant Agreement is still in force, under modalities and conditions provided therein. "No go" decision will always be European Commission's, or approved by the European Commission.

The portfolio companies will need to report to the EIC Fund on developments on a periodic basis and as reflected in the term sheet / contractual arrangements between the company and the EIC Fund.

## **R. Co-investments**

**126. How can I mobilise other funding partners in my 'tour de table'?**

One of the core offers of the EIC Fund will be to introduce portfolio companies to a network of investors and beyond. Qualified start-ups will be showcased to European investors to maximise co-investment opportunities at the earliest phases of the company's development. Companies may also bring in their existing investors and any new one they find by themselves.

**127. Is co-investment by public or private funds allowed or encouraged?**

Yes absolutely. National Promotional Institutions / Banks and other private or public institutions are encouraged to participate as co-investors, either to the EIC Fund directly by forming co-investment compartments or by co-investing alongside the EIC Fund into single companies.

**128. If, during the progress of the project (during due diligence, or after signing grant agreement, or after receiving first portion of equity) a beneficiary got**

**the option to have other investors, how will this affect EIC Fund investment decision?**

As a “friendly temporary investor”, the Commission intends to stay in the investment only as long as it is needed. Where other investors are willing to substitute fully or partially to the EIC Fund, the size of its equity investment will be changed, and the conditions of the contract adjusted.

**129. What happens if a company brings an investor from outside of Europe?**

It is possible. However, potential non-EU investments qualifying as a foreign direct investment (FDI) under the [FDI Screening Regulation](#) could be subject to an assessment of potential risks for security and public order by the European Commission and related mitigation measures.

**130. We apply for blended finance and have a co-investor ready to partially finance project activities. During the project implementation, the co-investor does not provide the finance anymore. Can I apply for an increase of the equity component from the EIC Fund?**

There is such possibility, provided it is justified with regard to the protection of the financial interests of the European Union as an investor. The increase of equity component is not guaranteed though and will be subject to a European Commission decision should it exceed the initially awarded EIC support.

## **S. Follow-on investments**

**131. Can the blended financing be followed-up with financing, under EIB/EIF, EFSI for example?**

Yes, further financing for scaling up will be possible (but not guaranteed) under future InvestEU.

**132. Will the EIC Fund be in a position for follow on investments?**

Yes. There is a possibility of follow on investments up to 30% on aggregate incl. all follow-on rounds on a case-by-case basis and subjected to the limitations of the overall EIC Fund budget. The European Commission approval will be required where its initially awarded support is exceeded, in addition to the EIC Fund governing bodies’ (in line with the EIC Fund due diligence and decision process).

**133. How will investments be structured (how many rounds)?**

On an individual basis (case by case decisions).

## **T. Exit strategy**

**134. How will the exit process be performed? What are the processes, objectives, and decision-making points for the exit strategy of the EIC Fund?**

Exit routes will include IPOs, trade sales, management buy-out, redemption rights to founders/ company, secondary sales, repayment and liquidations.

The exit strategy for each company is to be set on a case-by-case basis given the specificities of each business plan, founder expectations, industry, expected holding period and EIC Fund anticipated return, as well as the development of the companies compared to the initial milestones set.

**135. Will the EIC Fund include “drag along or tag along clauses”?**

The EIC Accelerator will offer terms such as to ensure that the value for the founders is preserved. Therefore, no drag alone rights are foreseen. Tag along clauses might be used when considered suitable to align the EIC Fund with the terms offered by the third-party private investors.

**136. How are the potential early exit/auction/sale of shares clauses drafted and negotiated?**

Terms and provisions of equity investment will be presented in the term sheet of the EIC Fund and negotiated between the EIC Fund investment advisor on behalf of the EIC Fund and the founders.

**137. In which context will the EIC Fund stop investing or divest on the company? Can you give some examples?**

Different factors may trigger the exit of the EIC Fund including: company reaching growth/maturity attractive to investors and commercial banks, change of strategy of the founders no longer in alignment with the investment agreement, split of founders and or lack of traction of the project for a continuous period, bankruptcy of the company, fraud and mismanagement of the funds received.

**138. Is the EC planning to set some kind of liquidation preferences?**

Yes, on a case-by-case basis.

**139. When the EIC Fund will be the only one to exit a company, how will the valuation be made?**

See section N. Company valuation.

**140. How will the best interests of the EU be guaranteed in the exit? Exits may be done through mergers or acquisitions by foreign companies. Some of the companies of the EIC Fund portfolio may have a strategic dimension for Europe. How will the strategic autonomy of EU be reviewed/safeguarded?**

Each exit will be discussed and approved at the EIC Fund Board level, which is controlled by the European Commission. Its representatives in the EIC Board shall assess whether the European Union interests are preserved or not before approving or not an exit decision upon recommendation from the EIC Fund investment advisor.

**141. After an exit, will the funds retrieved be reinvested into other companies or will they fall back into the framework programme budget or into the general EU budget?**

For the full fledged EIC under Horizon Europe starting in 2021, portfolio company reflows or repayment of the EIC Fund investment will be made available to the European Commission via the EIC Fund account, to be dedicated to other EIC activities.

However, under this EIC Pilot, they are likely to come back into the general EU budget.

## **U. Project management**

**142. How will the EC monitor the projects? How will the reporting be? Other obligations?**

The grant agreement sets out the terms and conditions applicable to the grant, including the rights and obligations of both parties, and the conditions for the implementation of the action, such as milestones, deliverables, reporting and payments.

Financial reporting will be required only at the end of the grant part of the project. Monitoring will be performed through regular progress meetings between the beneficiary and the Commission (and the EIC Fund in the case of blended finance).

For the blended option, the beneficiary will sign a separate equity investment agreement, which will set out the terms and conditions for the equity part. Both grant and equity actions will run in parallel but will be implemented as ‘linked actions’ and will be managed separately but in close coordination under the authority of the European Commission.

**143. To what extent are the EC Programme Managers involved in the daily business and/or management decisions?**

The EIC Programme Managers will be mainly operating within the Pathfinder. They will not be involved in the daily project management of Accelerator project but will coordinate their periodic progress reviews and propose go/no go decision to the European Commission.

**144. What will the EIC Programme Managers do as compared to EIC Project Officers?**

The EIC Programme Managers are firstly foreseen to actively stimulate researchers and innovators communities and propose Pathfinders’ programmes/calls (under Horizon Europe). Secondly, they will develop and manage their Pathfinder’s portfolio and nurture innovations stemming from these (Pathfinder transition activities).

In order to do so, Programme Managers will constantly interact with interested inventors, innovators and investors in their area of expertise. Their role is to stimulate research communities to submit projects, but also identify trends and needs, ideas for calls. They are expected to actively drive their portfolios, propose to stop projects that are not reaching expectations, and reorient others where needed, subject to the interests and goals of the EIC.

In comparison, the EIC Project Officers will handle the daily management of projects. They will be in charge of the administrative tasks relating to each project and interact with the project team. They will be part of the support to the Programme Managers.

#### **145. How will payments be processed?**

Payments and financial reporting will be made in a simplified format. Actions will normally have an initial pre-financing, possibly a second one depending on project duration, and a final payment only.

At the time of the pre-financing, an amount corresponding to the 5% of the maximum grant amount will be retained and transferred to the “Guarantee Fund”.

The payment of the balance will be subject to the approval of the final report. It will reimburse the remaining part of the eligible costs incurred by the beneficiary for the implementation of the action. The conditions for the reimbursement of the eligible costs are set out in the grant agreement.

#### **146. Will there be some flexibility to adjust the conditions during the implementation phase?**

The grant agreement may be amended, including to allow for pivoting the project if needed to maximise the chances of successful market deployment.

#### **147. Detailed explanation of the grant agreement termination clauses.**

Both the beneficiary and the Commission may terminate the grant agreement, as provided therein.

Before terminating the Agreement, the Commission will formally notify the beneficiary informing it of its intention to terminate and the reasons why.

The Commission will invite the beneficiary either to a meeting - within 15 days of receiving notification, or to submit observations - within 30 days of receiving notification.

Upon the outcome of the meeting or the content of the observations, the Commission will decide to formally notify to the beneficiary either the confirmation of the termination or that the termination procedure is not pursued.

You can find a detailed explanation of the Horizon 2020 general Model Grant Agreement termination clauses in pages 338 and following of the annotated grant agreement.

The EIC accelerator grant agreement will include, on top of the clauses of the general Model Grant Agreement, two specific termination clauses for the beneficiaries receiving blended finance in relation to the equity investment.

## **V. Business Acceleration Services**



**148. How can I benefit from mentoring and coaching? Which are the eligible costs?**

BAS provides you up to 12 days of coaching to empower you with the successful development of your innovation/business. .

The Key Account Manager from Enterprise Europe Network helps you to identify the most suitable coach for your specific situation.

**149. Does being a non-intrusive investor imply that the company will not benefit from coaching activities (as best mentoring is usually provided by active investors)?**

EIC Pilot beneficiaries will benefit from coaching and mentoring services. In addition EIC Accelerator Pilot blended finance beneficiaries will be provided by mentoring services of co-investors – investing into companies or with a potential, future interest.

**150. What is the amount earmarked for coaching scheme and mentoring scheme and which are the eligible cost in this case?**

Coaching and mentoring are directly provided by the EIC Pilot to beneficiaries and they account for 1% of the EIC enhanced Pilot budget. Coaching services are only available to SMEs, including natural persons, or for the purpose of setting-up such a company and up to 12 business coaching-days per project. Mentoring will be offered to individual founders, CEOs and leaders.

## **W.Cases**

**151. Typical "pre-unicorn" company is supported both by government and by private investors prior to applying, in parallel, and following it. Will such a project be considered for finance?**

Under Horizon Europe, the Commission proposes that companies should be given the possibility to apply for equity or bank guarantee for scale-up purpose only, with no grant. Companies having already benefited from a first EIC support should be eligible too.

This possibility is however not offered under this pilot.