



## **ERAvsCORONA Action plan - Ad hoc working group of MS**

### **Financing sub-group**

#### **Kick-off meeting**

**27 April 2020, 11:00**

### **MINUTES**

#### **Introduction and objectives (Stéphane Ouaki, DG RTD)**

The Financing Sub-group was created as part of the COVID-19 Ad-Hoc Group of Member States in the framework of the ERAvsCorona Action Plan supported by R&I Ministers.

The objective of the Financing Sub-group is to exchange best practices among Member States and the European Commission and explore the possibilities enabled by recently adopted flexible arrangements with the ultimate aim of facilitating an increased support to innovative companies developing COVID-19 related solutions.

For future meetings, the National Promotional Banks and Institutions will be invited as observers.

The kick-off meeting aims to provide the basis for future discussions by presenting an overview of funding instruments at the EU level.

#### **Overview of funding instruments at EU level**

##### **a. EIB support in the fight against COVID-19 (EIB)**

Christoph Kuhn and Yu Zhang (EIB) presented the EIB Group COVID-19 crisis response with the main actions taken as of 16 March 2020. The focus of the presentation was on the direct financing instruments under InnovFin and EFSI targeting innovative European biotech and medtech companies.

The key instruments are:

- Infectious Disease Finance Facility (InnovFin): a high risk facility requiring 100% first loss piece from the Commission with a portfolio of 12 companies supported in the amount of EUR 241m. Companies established in EU MS and H2020 Associated Countries are eligible for funding.
- European Growth Finance Facility (EFSI): a more commercial, lower risk absorption capacity that has supported 36 European highly innovative biotech and medtech companies in the amount of about EUR 1bn.

Since 2015, the EIB has supported the life science sector with over EUR 1.2bn of venture debt funding. Among the supported companies, 12 are currently working on COVID-19 related solutions (Apeiron, Evotec, Nuritas, Marino med, Biontech, Univercells, Am Pharma, Biocartis, Mobidiag, Biosurfit, Curetis, and Indivumed).

In the current IDFF and EGFF pipeline, the EIB has 18 candidate transaction (10 vaccines, 6 therapeutics, 2 diagnostics) in the amount of EUR 617m.

Curevac and Pluristem were mentioned as an example and other candidates will be announced in due course.

The main features of venture debt funding were highlighted:

- Non-dilutive: does not dilute the ownership of the company, hence provides space for growth;
- Equity type risk focused on business upside, limiting cash interest
- Alleviates immediate cash needs and debt repayment pressure

During **Q&A**, it was clarified that:

- The IDFF and EGFF facilities provide direct lending from the EIB to the selected companies/project promoters.
- Companies can apply directly to the EIB, by for example contacting the EIB representatives directly.
- The EIB seeks to cover the entire EU, including EU 13 countries. Many of the projects have a multi-country base.

b. EIC Accelerator Pilot (DG RTD)

Stéphane Ouaki presented the state of play of the 20 March EIC Accelerator pilot cut-off, to which the Commission encouraged projects developing COVID-19 related solutions to apply:

- 1400 COVID-19 related proposals received out of which 179 passed the threshold out of which 97 will be invited to the interviews and 82 will receive Seal of Excellence
- The 97 proposals to be interviewed have requested EUR 304m in funding.
- The 82 proposals to receive Seal of Excellence have requested EUR 268m in funding.
- The Seal of Excellence holders will be announced to Member States, who may fund them via national programmes.
- Other excellence but not funded proposals will be channelled to the EIB for further examination.

c. Seal of Excellence (DG RTD)

Peter Schenk presented the concept of Seal of Excellence (SoE) launched in 2015 with DG REGIO. Currently, there are 31 schemes at national and regional level, including teaming, EIC proof of concept, EIC Accelerator and others.

The Horizon Dashboard includes the aggregated figures per Member State and region.

The Community of Practice meets to exchange know-how and experience with the view of identifying the best ways to implement funding schemes in support of high-quality R&I projects with the SoE through structural funds or other sources.

In addition, the European Investment Project Portal serves as a platform to connect SoE holders with private investors via the organisation of matchmaking events or e-pitching, one of which will take place after the completion of the current EIC Accelerator pilot evaluations.

Lastly, the Temporary State Aid Framework as well as the upcoming revision of GBER enable simplified procedure for supporting SoE holders and R&I activities with state resources.

d. European Regional Development Funds – DG REGIO

Moved to the next meeting.

e. Important Projects of Common European Interest (IPCEI) – DG COMP

Moved to the next meeting.

**Discussion point: Joint COVID-19 response to finance the development of vaccines and production facilities**

Due to limited time available, the national activities and opportunities for synergies will be discussed at the next meeting.

**Conclusions and next steps**

In response to the point raised by the French delegate, it was clarified that the objective of the sub-group is to exchange on best practices and not to commit budgetary resources. The members of the Council Research Working Party are included in all exchange and meetings of this sub-group.

In response to an additional point, it was agreed that the focus of the sub-group is to discuss funding for higher TRL projects. The French approval for inviting BpiFrance to the next meeting was noted.

The next meeting will take on Wednesday 6 May at 11:00.

**AOB**

a. Approval of Terms of Reference

Members are invited to send comments on the ToR.

## List of Participants

<b>Surname</b>	<b>Name</b>	<b>Organisation</b>	<b>Country</b>
Borunska	Katerina	EC	Belgium
Ouaki	Stephane	EC	Belgium
Schenk	Peter	EC	Belgium
Peduzzi	Rodrigo	EC	Belgium
Liggins	Arlena	DLR	Germany
Agota	David	Permanent Representation of Hungary to the EU	Hungary
Kotowicz	Aleksandra	Agency for Medical Research	Poland
Knevel	Anne-Ruthi	Ministry of Education, Culture and Science	The Netherlands
Soon	Argo	Estonian Research Council	Estonia
Santos	Santos		
Kuhn	Christoph	EIB	Luxembourg
Garcia	Clara Eugenia	Permanent Representation of Spain to the EU	Spain
Solomou		Permanent Representation of Cyprus to the EU	Cyprus
Bernard-Trotouin	Cyril	Permanent Representation of France to the EU	France
Edita	Bagdonaite	Agency for Science, Innovation and Technology	Lithuania
Evgeniev	Evgeni	Permanent representation of Bulgaria to the EU	Bulgaria
Bogovic	Franc		
Guglielmi	Gaetano	Ministry of Health	Italy
Vlckova	Hana	Permanent Representation of Czech Republic to the EU	Czech Republic
Meijer	Henk	Ministry of Health, Welfare and Sport	The Netherlands
Schow	Inger		Denmark
Foden	James	Malta Council for Science and Technology	Malta
Jonsson	Jan-Ingvar	Swedish Research Council	Sweden
Lehtinen	Jonna	Permanent representation of Finland to the EU	Finland
Horváth	Klára	SC1 PC member	Hungary
Calderon	Dolores	Center for Industrial and Technological Development (CDTI)	Spain
Pitlova	Lubica	Ministry of Education, Science, Research and Sport	Slovakia
Kammler	Lydia	DLR	Germany
Christoula	Maria	General Secretariat for Research and Technology	Greece
Moerk	Mette	Permanent representation of Denmark to the EU	Denmark
Hendolin	Minna	Business Finland	Finland

Cevallos	Myriam	State Secretariat for Education, Research and Innovation	Switzerland
Lazarov	Nikolai	Scientific Fund Bulgaria	Bulgaria
Cutajar	Omar	Permanent representation of Malta to the EU	Malta
Broennimann	Peter	State Secretariat for Education, Research and Innovation	Switzerland
Hermant	Pierre	Finance & Invest Brussels	Belgium
Apreutesei	Roxana	Ministry of Education and Research	
Illman	Sara	Academy of Finland	Finland
Radulović	Momir		Slovenia
Peeterbroeck	Sophie	Service Public de Wallonie	Belgium
Niessen	Sylvie	Ministry of Higher Education, Research and Innovation	France
Humphreys	Anthony	EMA	The Netherlands
Berkis	Uldis		Latvia
Enache	Virginia	Permanent representation of Romania to the EU	Romania
Zhang	Yu	EIB	Luxembourg
Christophe	Kuhn	EIB	Luxembourg