

COVID-19 LOCKDOWN IMPACT ON THE EVALUATION PROCESS OF THE EIC ACCELERATOR PROGRAMME

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ABSTRACT

The European Member States' economies struggle nowadays with the impact of COVID-19 pandemic, that affected all the economic sectors. Consequently, the most important macroeconomic indicators registered previously unseen negative trends. In this respect, the article presents the administrative measures applied by the Executive Agency for SMEs (EASME) to optimize the evaluation process during the lockdown period. The measures are now extended to all the evaluations of the proposals submitted through various programmes, since no physical presence meetings are yet allowed. A comparative analysis of previous evaluation process will be presented, depicting the challenges, opportunities and risks of the online evaluation set up. The aggregated data used were collected via the official communication made by the EIC Accelerator Programme, Funding and Tenders Portal and the reports from the European Commission (EC) to the Member States. The lessons learnt were three-fold: The citizens' health and the economic welfare were the two drivers of all the administrative measures taken; Ad-hoc Task Forces, reactive and adaptive measures to mitigate the effects of lockdown were put quickly in place; New accountability models for improving the client-oriented approach were designed to respond to the pandemic challenges.

KEYWORDS: *Executive Agency for SMEs, the EIC Accelerator Programme.*

1. INTRODUCTION

Economic and social prosperity in any given economy depends on its ability to grow and create new and better job opportunities. In order to grow, countries need to mobilize growing production resources, e.g. more labor, more land or more capital and / or improve the efficiency of how these resources are combined and used in the production process, i.e. increasing their productivity. In other words, in order to stimulate economic growth, economies need to combine work more and do it better or smarter. In the EU, mobilizing more production resources, for example by increasing employment and employment rates, may become increasingly difficult in the future, given demographic trends. In addition, Europe lacks access to certain raw materials, such as oil or mineral resources. As a result, economic growth in Europe is now based on its ability to generate productivity growth.

2. THE ANALYSIS OF THE MAIN ASPECTS REGARDING THE EUROPEAN INNOVATION COUNCIL (EIC) ACCELERATOR PROGRAMME

Innovation theories used in relevant research in the field, state that innovation is a process based on continuous learning, problem-solving and development that involves interactions and feedback with

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the purpose of designing and using knowledge (Kline & Rosenberg, 1986, Freeman, 1987, Lundvall, 1992, Nelson, 1993, OECD, 1997).

The crisis generated by the Covid-19 pandemic made the European countries more aware of the fact that they need to become more innovative. Innovation and more specifically, the usage of market innovations are supposed to help Member States' economies to create more sustainable workplaces, to improve citizens' lives conditions, to increase international competitiveness and productivity. However, the main challenge is to use innovation and in the same time, fulfill citizens' needs and cope, in a sustainable manner, with the challenges generated by the technological development, business environment and society.

The Covid-19 pandemic affected severely the business environment. In this respect and considering the need for using innovation as to manage to succeed in coping with all types of crises, the European Commission created the EIC Accelerator Programme, with the purpose of offering financial support and specialized expertise to the most innovative small and medium-sized enterprises (SMEs).

Initially, the EIC Accelerator pilot (SME Instrument) was developed aiming to help high-potential and high-risk SMEs to create new services, products as well as business models that could generate economic growth and put them on the market. The programme targeted SMEs within the innovators category which had the potential of developing new markets or disrupting the existing ones. €150 million were allocated for the best COVID-19 related proposals and in March 2020, SMEs and start-up companies with relevant innovations had to the possibility to apply to the opened call for proposals. On the spur of the pandemic crisis, the European Commission (EC) decided to supplement to budget of the spring call (deadline 18th of March) by 164 MEUR, dedicated to Covid-19-related projects. The call was "bottom-up", with no predefined thematic priorities and applicants with coronavirus-relevant innovations were evaluated exactly in the same manner as other applicants. Approximately 4,000 proposals, more than double the usual amount, were competing for funding and optional equity, together with mentoring and business coaching in order to increase innovative ideas. The financial support provided by the EIC Accelerator Pilot could be used for innovation development and for accelerating SMEs and start-ups' scaling up. Until 20 March 2020, the European Commission received approximately 4,000 applications consisting in ideas for coping with the coronavirus pandemic negative impact. More than 1000 start-ups and SMEs applied with proposals of innovations that could help at preventing the impact and spread of the coronavirus.

On the 16th of March 2020, all the services of the European Union (EU) institutions located in Brussels moved online, due to the lockdown measures put in place by the hosting country (Belgium). The challenge of evaluating the record number of the applications was double-folded: the timeframe and the online set up for the interviews. The lockdown measures brought many difficulties for the IT services overcharged by the number of the remote users. An extension of the deadline by two days and a delay by one week for the interviews occurred due to the exceptional circumstances.

After the call of proposals was closed, the eligible applicants were chosen by an independent jury formed by entrepreneurs, investors and experts, after an evaluation process and live interviews conducted between 4 and 8 May 2020.

After the evaluation process finished, on 8 June 2020, the 36 companies selected by the European Commission were announced. The companies received €166 million from the European Innovation Council (EIC) Accelerator Pilot in order to implement innovative measures that would help at combating the Covid-19 pandemic and its impact. The other 139 companies that applied with proposals and did not receive funding because of the budget limitations, were awarded with the so-called COVID-19 Seal of Excellence in order to help them gain support from other funding sources (European Commission, 2020).

It must be mentioned that the Covid-19 related call has been added to the regular call for proposals, as one of the first actions of the European Commission to fight against the pandemic. It coincided with the lockdown of the European countries and the large scale online working rules applied to all the European institutions operational services. The Executive Agency for SMEs (EASME) applied a number of administrative measures to optimize the evaluation process during the lockdown period.

Jon Messenger, an expert on working time for the International Labour Organization, explained that the COVID-19 pandemic developed the concept of teleworking because more people than ever worked from home, using information and communications technologies, consequently, new mechanisms for supporting employees and monitoring their work, must be implemented. The key ingredients for successful implementation of complete online activities were:

- Management Support from the top management to line supervisors. If until the pandemic outburst, in the European institutions teleworking was limited to two days per week, dedicated to well defined individual tasks or projects, the new situation imposed the implementation of an effective management of teleworkers i.e., the results-based management approach. In order to follow the fulfillment of tasks and projects' objectives as well as to monitor and evaluate progress, new mechanisms for reporting were created and implemented.
- Appropriate Tools and Training. Even though the first weeks were more difficult since the infrastructure was overloaded, the EU staff was given the necessary equipment, such as laptops and apps for teleworking, and both managers and teleworkers were trained and benefited from the necessary tech support as to fulfill their duties. Considering that full-time teleworking generates the risk of social isolation, significant efforts has been made in order to help teleworkers to stay in touch with their colleagues and supervisors.
- Clear expectations. The results that were expected to be achieved by the teleworkers, the manner in which their progress would be observed as well as how they would report their results, were decided and clearly stated.
- Time flexibility. A positive aspect of teleworking is that employees have flexibility in choosing when they do their work and where, with the condition of remaining contactable during the normal working hours. This flexibility is one of the key factors for making teleworking effective by allowing a balance between the professional and personal life.
- Trust is essential for maintaining the team spirit and enhancing solidarity among the management and the hierarchy. Telework cannot be effectively implemented in its absence. Management and staff benefited from adequate online training sessions on how to cope with teleworking challenges and to maximize its benefits.

Therefore, in the first weeks of the lockdown, the European Commission put in place a number of combined HR and IT measures to tackle the obstacles:

1. Reinforced IT Help Desk, client-oriented approach, using alternative apps: Signal, Discord, Webex Meet, Zoom and Teams. Skype for Business has been upgraded and prioritized.
2. HR measures: teleworking, parental leave, part-time working arrangements, fast-track approval from the line managers, flexibility for working in shifts, back-up plans.
3. On-line trainings, virtual 'coffees' to bond with colleagues and alleviate the stress due to the lack of human interactions and the uncertainty due to surge of the pandemic.
4. Medical advice, Medical Service's Psychosocial Sector and emergency helplines.

The evaluation of proposals was organized in two steps, one remote through a peer-review process followed by face-to-face interviews organized centrally in Brussels. While for the first step the process remained unchanged, a completely new set-up had to be designed for interviewing the applicants.

Responding to the emergency of finding adequate and fast results to overcome the pandemic, the Commission engaged to fast-track the awarding of EIC grants and blended finance (combining grant and equity investment) to coronavirus-relevant innovations, as well as to facilitate access to other funding and investment sources.

Out of the total number of applications, most were proposals related to the fields of engineering, ICT and health. Companies from 45 countries applied, but most of the submitted applications came from companies located in Spain, Israel, Italy and Germany. Approximately a quarter of the companies that applied to the programme requested blended finance support (grant and equity). The eligible activities that could be funded included: prototyping, trials, validation, demonstration and testing in

real-world conditions, and market replication. The projects could receive between €0.5 and €2.5 million under the form of grants. Applicants were asked if they needed blended finance and which was the amount requested for equity. They could request a higher or lower amount of funding when applying, but they needed to justify their request. In terms of implementations, the projects should take between 12 to 24 months to complete, but could be longer in exceptional and well-justified cases.

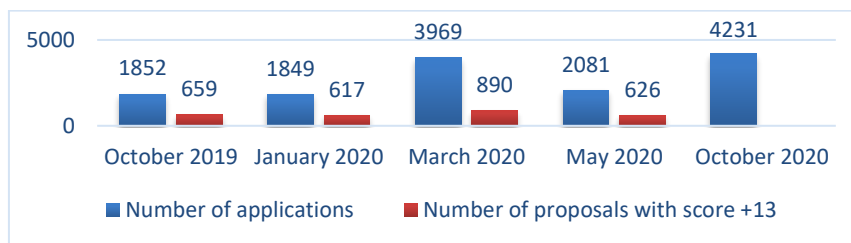


Figure 1. Overview of the calls 2019-2020

Source: Data extracted from The EIC Accelerator analyzed | Hezelburcht Grants, (2020).

From the submitted data, the following elements are to be noted:

1. The highest number of participating countries: 45 countries (all 27 Member States - MS, UK, 13 H2020 Associated Countries, 3 Overseas Territories – OCT and Gibraltar – GI) and 3969 proposals;
2. Record number of COVID related eligible applications: 1,418 submitted from 42 countries (all 27 MS + OK + 11 H2020 AC + 2 OCT + GI) calling for an aggregated financial support of more than EUR 2.6 billion;
3. The highest participation of startups and SMEs located in Horizon 2020 widening countries: 11.6% of the eligible applications (even reaching 14% of the eligible COVID- related applications). 181 applications have been invited to interviews (20.3% of applications having passed thresholds) out of which 97 COVID related applications and 84 non-COVID related applications with a confirmed high quality: they have obtained a quote equal to at least 13.45 and up to 14.65 (out of 15). They called for an aggregated financial support of more than EUR 645.2 MEUR. In terms of the geographical coverage, it was a lower number of participating countries: 19 different countries (15 Member States including 3 Widening countries, 3 Associated Countries and UK). 72 applications have been retained for funding (40% of the applicants invited to interviews): 40 COVID related applications (41% of the COVID related applications invited to interviews).

The interviews were organized online, with a high satisfaction rate for all the involved parties (applicants and evaluators). The EC staff has proved resilience, eagerness to learn quickly how to use new IT tools and various solutions that paved the way to an independent, qualitative interview process.

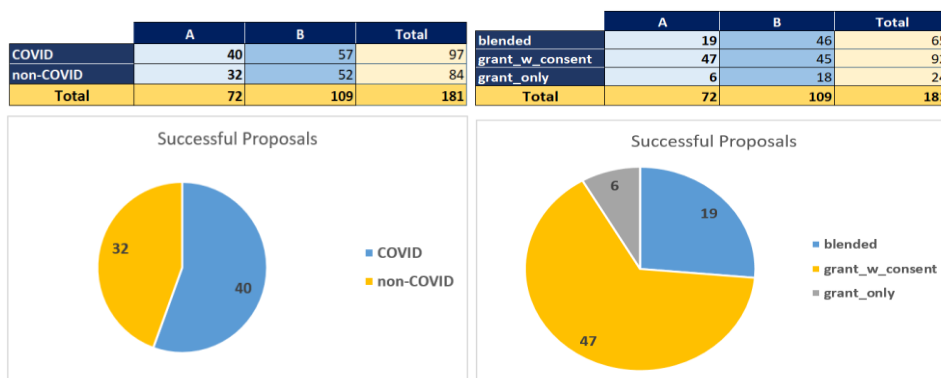


Figure 2. The number of successful proposals

Source: Data communicated by the EC to the National Contact Points for the EIC Accelerator Programme, (2020).

As regards the results, from the 3969 applications, a total of 181 were positively assessed. More than half of the proposals were Covid-19 related. 74% of them expressed their willingness to accept an equity offer from the EC, through the EIC Fund that would enable their companies to engage activities for rapid scale up. The impressive response of the society that mobilized their creativity to design innovative solutions that could limit the impact of the pandemic was rewarded by the commitment of the European institutions to deliver a fast evaluation process, overcoming the barriers of lockdown.

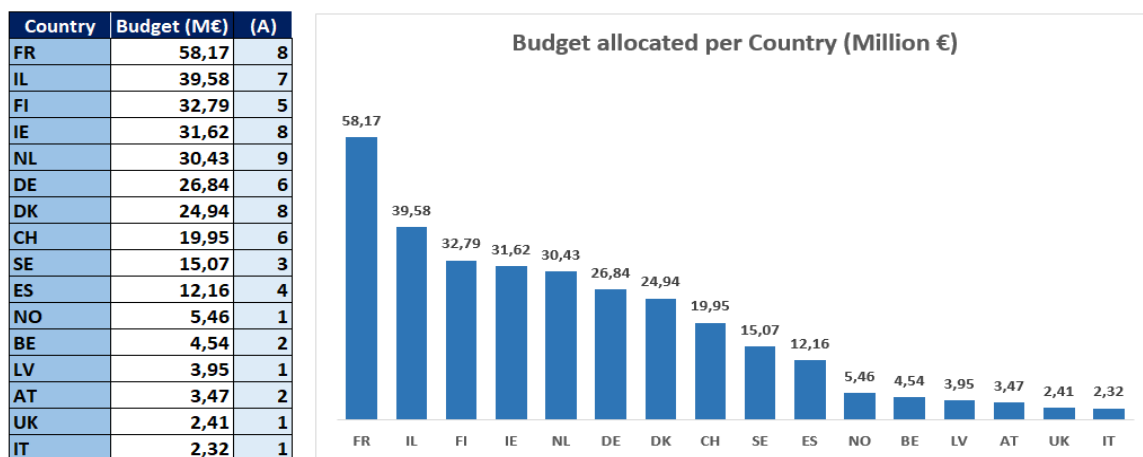


Figure 3. The financial allocation per country

Source: Data communicated by the EC to the National Contact Points for the EIC Accelerator Programme, (2020).

The total allocated budget of 278.1 MEUR, was split between 15 countries out of which the first three ranked were: 8 proposals from France which received 58.17 MEUR, immediately followed by Israel and Finland with 7 (39.58 MEUR) and 5 (32.79 MEUR). From the initial 45 countries that applied for the EIC Accelerator, there were only 15 participating countries that managed to succeed in the fierce competition. The analysis of the most successful countries receiving financial support for SMEs reveals a direct correlation between the number of applicants and the success rates.

It must be noted the impressive performance of Israel, an associated country to Horizon 2020 programme and the high interest expressed in getting not only financial support, but mostly the label of excellence from such a highly competitive programme.

3. CONCLUSIONS

The Covid-19 pandemic entailed a large spectrum of drawbacks in all our lives, from the sanitary crisis to economic and social effects. The global call for action launched by the World Health Organization with governments and partners in April 2020, followed by The Coronavirus Global Response, launched by the President of the European Commission strives for universal access to affordable coronavirus vaccination, treatment and testing. Various programs were launched in order to support people's lives. It was a significant effort made by the entire society, public and private organizations. In order to successfully deploy all the plans, the European institutions engaged into a significant effort to create the necessary agile organization of their services. At the core of these efforts it was the commitment to serve the society through a very attentive client-oriented approach. Both EASME and the expert-evaluators worked intensively behind the scenes to make the outcome of evaluation available to the applicants as soon as possible.

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