



EIT STATEMENT

PUBLIC CONSULTATION ON THE EU INNOVATION ACT

October 2025

1. Introduction

The **European Institute of Innovation and Technology (EIT)** and its nine **Knowledge and Innovation Communities (KICs)** welcome the European Innovation Act as a timely and ambitious initiative to strengthen Europe's innovation capacity. As Europe's largest innovation ecosystem, and with over a decade of experience supporting thousands of start-ups, scale-ups, and innovation projects across Europe, we see daily how fragmentation, lack of finance for intangibles, and slow adoption of innovations hinder growth. The Innovation Act offers a **unique opportunity** to address these obstacles while ensuring Europe's innovation policies remain globally competitive, inclusive, and sustainable.

The EIT's unique bottom-up model, integrating business, education, and innovation-driven research through the Knowledge Triangle, connects start-ups, corporates, and universities in regional and cross-border ecosystems. Through business acceleration, mentoring, and patient capital mechanisms, the EIT and its KICs demonstrate how integrated **knowledge triangle approaches deliver faster innovation deployment and scaling**.

Against this background, the EIT highlights the following key elements for the design and implementation of the EU Innovation Act.

2. Innovation barriers in Europe

Europe's innovation potential is constrained by three main barriers. First, **fragmentation of the Single Market**: innovators still face divergent rules, duplicate procedures, and long time-to-market when scaling across borders, despite efforts to simplify compliance. Second, **underused demand-side drivers**: public procurement, representing around 14% of EU GDP, has significant potential to accelerate first deployments but remains limited in practice. Third, **gaps in financing for intangibles**: while investment in IP, data, and skills is rising, valuation and collateral practices lag behind, restricting access to bank lending and patient capital. Finally, **regional disparities** persist, with strong clusters concentrated in a few areas and widening regions underrepresented, holding back Europe's aggregate innovation capacity.

3. Removing fragmentation and enabling scale

Scaling across 27 Member States remains too costly and complex, with innovators often facing duplicate compliance, diverging standards and lengthy time-to-market. The Act can introduce **proportionate, innovation-friendly compliance checks** (e.g. an "innovation stress test" in legislative design) and **mutual recognition of pilots and sandboxes** across the EU. A **Single Market passport** for validated innovative solutions would help reduce duplication and cut delays while safeguarding consumers and the environment. To ensure regulation enables rather than constrains innovation, the Act should also include a requirement that new and existing regulations be innovation-friendly. Regulators must assess and mitigate any negative impact of proposed regulation on innovation. Furthermore, a specific **resolution mechanism**, such as an arbitration body, should be established to address inconsistencies between Member State law and EU regulations, providing greater legal clarity and predictability for innovators.



In the longer term, the creation of a voluntary **28th regime** for innovation could provide uniform, EU-level rules for testing, scaling, and funding cross-border solutions, reducing fragmentation and administrative burden.

4. Unlocking finance for intangibles

Europe's most innovative firms are increasingly built on intangible assets - intellectual property, data, software, skills - yet financing frameworks remain geared toward tangible collateral. **Standardised IP and data valuation methods** - in coordination with EUIPO and EPO - combined with clear collateral frameworks, can help banks and investors assess intangible risk more reliably. **Aligning EU financial instruments** (EIT, EIC, EIF, InvestEU) around these standards will support broader uptake and access to patient capital for start-ups and scale-ups.

5. Accelerating first-of-a-kind deployments

Public procurement remains underutilised as a lever for innovation. The Act can support **outcome-based procurement criteria**, introduce **"Right to Pilot"** provisions in controlled environments with model liability clauses, and **encourage public authorities and corporates** to act as early adopters. Even modest shifts in procurement practice could unlock significant markets for European innovators.

Current procurement criteria are restrictive and require reform to serve as a lever for innovation. For example, the Act could encourage **targeted incentives or simplified rules** when public authorities or corporates procure from European start-ups or license technology from European universities. Adjusting procurement criteria to be more innovation-friendly and flexible would make procurement a direct enabler of industrial innovation and technology transfer.

6. Ensuring inclusiveness and balance

Evidence from the EIT's nine KICs shows that innovation activity is still concentrated in a handful of regions, while widening countries remain underrepresented. To build a truly European innovation ecosystem, measures should **strengthen diffusion and adoption** across all regions through open calls, cross-border partnerships, and broader involvement of education and research actors alongside business. **Diversity, inclusion and gender balance** should be explicit principles in innovation support. Drawing on its regional experience, the EIT can contribute tailored business acceleration services, mentoring, partnering and CxO support pools that have proven effective in **helping innovators from widening countries** reach EU and global markets.

7. Promoting sustainable funding models and monitoring

Drawing on EIT practice, EU innovation support should **prioritise private sector co-investment and sustainable models** (equity, convertible notes, revenue-sharing, co-investment). Monitoring should be **light-touch and digital**, focusing on outcomes such as time-to-market, cross-border uptake, and private co-investment mobilised - not on administrative reporting burdens.

8. Creating the conditions for European-based global tech leaders

Beyond removing barriers, the Innovation Act should **actively enable** the growth of European-based firms into **global technology leaders**. While Europe has a strong base of start-ups and scale-ups, too few grow into world-leading companies, often due to fragmented markets and limited access to deep, long-term risk capital. Key priorities include: **Strengthening coordination** between EU instruments (EIT, EIC, ERC, EIF, InvestEU) to identify and nurture ventures with cross-border growth potential; Expanding access to **patient investment and large-scale risk capital** to allow scaling within Europe; Linking regulatory sandboxes and Single Market passports with **global market access strategies**; Positioning Europe as **the most attractive environment** for innovative firms to grow into world leaders.



9. Governance and implementation

The Act's measures should be delivered, where appropriate, through a **Regulation** to ensure uniform and timely application across the Union. Existing EU-wide innovation ecosystems, such as the **EIT Community**, can provide practical testbeds for sandboxes, procurement models, and intangible finance tools, feeding lessons back into policy.

10. Conclusion

By simplifying cross-border scaling, unlocking finance for intangibles, activating demand through procurement, and ensuring inclusiveness, the Innovation Act can transform Europe's strong research and entrepreneurial base into **faster market adoption and globally competitive firms**.

The EIT and its nine KICs stand ready to provide data, evidence and lessons from over a decade of pilot initiatives to support the European Commission and co-legislators in the design and implementation of the EU Innovation Act.