

Blockchain funding and investment

The EU provides funding for blockchain research and innovation through grants and prizes and by supporting investment.



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Funding for research and innovation

Grants for blockchain projects are provided primarily through the Horizon programme.

From 2016-2019, the Commission provided some €180 million in prizes and grants through **Horizon 2020**. Significant budget for further grants is expected in the follow-up Horizon programme, known as **Horizon Europe**.

Currently funded projects have been grouped under a cluster of topics and technologies:

- e-identity and decentralised data management
- healthcare and education
- privacy and cybersecurity
- IoT and smart homes, grids and cities
- music and media
- industrial technologies
- environment and circular economy.

Some examples include:

- EU contribution of €3.4 million to the MyHealthMyData project, which works on patient-centric medical data
- EU contribution of €4.9 million to the DECODE project, which is building an open architecture for

the management of identity and personal data online.

- €5 million awarded to six projects as part of the EIC Prize on Blockchains for Social Good

For more information and a full list of funded projects, see EU-Funded Projects in blockchain technology.

Funding for contracts to help build the European Blockchain Services Infrastructure

As part of the Horizon 2020 funding support, the European Commission launched a pre-commercial procurement action to prepare for future capacities of EBSI and to support new types of use cases. It started through an open market consultation and a call for tender. Interested market parties are invited to consult the European Blockchain Pre-Commercial Procurement web pages.

For information on open calls and how to apply for funding please visit the Startup Europe Club and Funding & Opportunities pages. The Horizon Europe Programme is under preparation and new funding opportunities will be updated by the end of the year.

Enhancing Investments in Blockchain innovations

Disruptive technologies tend to face substantial challenges when seeking finance to scale-up. In particular, because most investors do not have the right technical expertise to assess the market prospects of the different technological solutions. They consider digital innovations, such as AI and blockchain, as too complex, and shy away from investments in these strategic areas.

Investment Gap for AI

Empirical data shows that North America is currently dominating the AI market, with China making important progress and catching up fast. Europe appears to be in danger of lagging behind in global markets, with investments in the \$15-23 billion range in North America, \$8-12 billion in Asia and only \$3-4 billion in Europe.

Investment Gap in Blockchain technologies

When we look at investment in blockchain technologies, the investment gap for deep tech startups between Europe and the US is significantly smaller. While most investments in blockchain startups are directed at US companies with a total of €4.4 billion (33%), European companies have attracted a solid €2.9 billion (22%). China follows with a total of €2.8 billion (21%) (source: report 'Blockchain Now And Tomorrow')

One of the underlying reasons is that, between 2009 and 2018, European blockchain startups made far more use of alternative forms of finance than their US counterparts. For example, European startups obtained a large amount of funding through what it is known as 'initial coin offerings', an innovative way of raising money from the public, using virtual coins or tokens. In this way, they managed to raise almost 60% of their total financing, while the equivalent figure for US blockchain startups did not exceed 18%.

Closing the Investment Gap

Startups in their early stages and companies in the scale-up phase need sufficient funding both early on and when they grow. The Commission has developed the AI/Blockchain investment fund to support them. The investment fund provides equity investments in highly innovative startups and SMEs that focus on the development and adoption of AI and blockchain technologies across all sectors of the economy.

Phase 1: AI/Blockchain Investment Fund and Support Programme

The Commission has provided €100 million under the Horizon 2020 program and thanks to the leveraging of the European Fund for Strategic Investments (EFSI) and the European Investment Fund (EIF). The investment fund is adding an additional private investment from venture capital funds with an average leverage effect of 4-5. It is estimated that the total investment volume in the first phase (beginning of 2020 to the beginning of 2021) will be between €400-500 million.

The AI/Blockchain Investment Fund aims to enhance the access to finance, in particular in the form of equity, to innovative and higher risk AI and blockchain companies. Among other things it:

- represents the first dedicated investment program for AI and Blockchain at European-level;
- aims to support the further development of new markets that focus on the development and adoption of innovative AI and Blockchain technologies;
- provides improved dedicated financial support to innovative startups and small and medium-sized enterprises (SMEs) at all stages of their development;
- is focused on equity products, since most AI and Blockchain companies are either early stage or high-growth companies;
- aims to provide financing to innovative startups and SMEs based on a broad geographic coverage in Europe, including less developed markets;
- develops co-investment programs with Member States, in particular through national promotional banks.

In the second phase the fund aims to add quasi-equity and debt financing.

The AI/Blockchain Investment Support Programme aims to strengthen the European blockchain ecosystem and to develop strategic partnerships with key stakeholders including startups, SMEs, EU countries, national promotional banks, industry and venture capital funds and private investors.

Its goal is to:

- raise awareness among multiple stakeholders about the importance of increasing investments in AI/blockchain innovations;
- carry out a series of market consultations with a broad range of stakeholders from governments, the private sector and investors;
- support the portfolio development of technically and financially viable projects;
- organize an AI/Blockchain Investment Summit that will facilitate the match-making between project promoters, innovative SMEs, start-ups and private investors.

Phase 2: Investment programme and advisory services under Invest EU (2021-2027)

In the second phase up from 2021, the focus will be to:

- develop the investment platform through the InvestEU program and a larger partnership with European Commission services, EU countries (notably through national promotional banks), and possibly other public and private financial institutions;
- include in the platform the development of key enabling services, such as:
 - provision of advisory services to enhance the investment readiness of AI/Blockchain SMEs and companies;
 - support the portfolio development;
 - organise investor forums, matchmaking events between innovators and investors; market consultations and other community building events.
- Scale-up the investment fund to a fully developed investment platform with funding of €1-2 billion.

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First six Artificial Intelligence and Blockchain
Technology funds backed by InnovFin raise a total
of EUR 700m

The European Investment Fund (EIF) and the
European Commission are announcing the first 6
Venture Capital funds under the InnovFin Artificial

Intelligence and Blockchain pilot.

DIGIBYTE | 30 June 2020

The Commission's European Innovation Council awards €5 million to blockchain solutions for social innovations

The European Innovation Council (EIC) Prize on Blockchains for Social Good has awarded €5 million to six winners selected in a call to identify scalable, deployable and high-impact blockchain solutions for societal challenges. The winning solutions propose blockchain applications for fair trade and circular economy, increasing transparency in production processes and quality information, improving accountability and contributing to financial inclusion and renewable energy.

DIGIBYTE | 18 February 2019

Hungary joins the European Blockchain Partnership

On 18 February 2019, Hungary became the 29th country to sign the Declaration creating a European Blockchain Partnership. The declaration was signed by Mr László György, Minister of State for Economic Strategy and Regulation, Ministry for Innovation and Technology, in the presence of Claire Bury, Deputy Director-General for the European Commission's Directorate-General Communications Networks, Content and Technology (CNECT).

DIGIBYTE | 01 February 2019

Liechtenstein joins the European Blockchain Partnership

On 1 February 2019, the Principality of Liechtenstein signed the Declaration joining the European Blockchain Partnership, thus becoming the 28th country in the Partnership. The declaration was signed by Sabine Monauni, Ambassador of Liechtenstein, in the presence of Gerard de Graaf, Director for Digital Single Market at the European Commission.

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Related Content

Big Picture

Blockchain Strategy

The EU wants to be a leader in blockchain technology, becoming an innovator in blockchain and a home to significant platforms, applications and companies.

See Also

European Blockchain Services Infrastructure

The European public sector is building its own blockchain services infrastructure, which should soon be interoperable with private sector platforms.

Legal and regulatory framework for blockchain

The European Commission recognises the importance of legal certainty and a clear regulatory regime in areas pertaining to blockchain-based applications.

Blockchain for climate action

The European Commission aims to use innovations in blockchain technologies to help fight climate change.

Blockchain standards

The European Commission takes an active role in the blockchain standards community, engaging and working closely with all relevant bodies around the world.

European Blockchain Partnership

The European Blockchain Partnership (EBP) is an initiative to develop an EU strategy on blockchain and build a blockchain infrastructure for public services.

EU Blockchain Observatory and Forum

The EU Blockchain Observatory and Forum facilitates dialogue between decision makers, thought leaders, and the blockchain community.

Source URL: <https://digital-strategy.ec.europa.eu/policies/blockchain-funding>