

DECISION 07/2021
OF THE GOVERNING BOARD OF
THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

**ON THE PRINCIPLES FOR THE DETERMINATION OF THE 2021 EIT FINANCIAL ALLOCATION
AND REPEALING DECISIONS 4/2015 AND 35/2015 OF THE EIT GOVERNING BOARD**

THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY,

Having regard to Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology¹, as amended by Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013² (hereinafter "EIT Regulation"), and in particular Article 14(7) thereof and Section 2(b) of the Statutes annexed to the EIT Regulation;

Having regard to the proposal for a Regulation of the European Parliament and of the Council establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination³;

Having regard to the proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (hereafter referred to as "EIT Regulation (recast)")⁴;

Having regard to the proposal for a Decision of the European Parliament and of the Council on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027: Boosting the Innovation Talent and Capacity of Europe (hereafter referred to as "EIT Strategic Innovation Agenda 2021-2027")⁵;

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (hereinafter referred to as the "EU Financial Regulation")⁶;

Having regard to Decision 21/2019 of the EIT Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the European Institute of Innovation and Technology (hereinafter referred to as the "EIT Financial Regulation")⁷, in particular Article 1 thereof;

¹ OJ L97 of 09.04.2008, p. 1.

² OJ L347 of 20.12.2013, p. 174.

³ Version of 18 December 2020, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held of 18 December 2020 (14239/20)

⁴ Version of 17 February 2021, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held of 17 February 2021

⁵ Version of 17 February 2021, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held of 17 February 2021

⁶ OJ L 193, 30.7.2018, p. 1–222

⁷ Ares(2019)6810859

Having regard to Decision 06/2021 of the Governing Board of the EIT on the adoption of the Final Single Programming Document (2021-2023) of the EIT⁸,

Having regard to the Decision of the Governing Board of the EIT of 16 December 2009 on the selection and designation of KIC InnoEnergy, Climate KIC and EIT ICT Labs⁹;

Having regard to the Decision of the Governing Board of the EIT of 9 December 2014 on the Designation of the Knowledge and Innovation Communities (KICs) in the 'Innovation for healthy living and active ageing' theme and the: 'Raw Materials sustainable exploration, extraction, processing, recycling and substitution' thematic area¹⁰;

Having regard to Decision 4/2015 of the Governing Board of the EIT of 5 March 2015 on the principles on KICs' financial sustainability¹¹;

Having regard to Decision 35/2015 of the Governing Board of the EIT on the principles for financing, monitoring and evaluating KIC activities¹²;

Having regard to Decision 29/2016 of the Governing Board of the EIT on the designation of the Knowledge and Innovation Communities (KICs) in the 'Food for Future' and 'Added Value Manufacturing' themes of 17 November 2016¹³;

Having regard to Decision 6/2018 of the Governing Board of the EIT of 2 March 2018 on the designation of the Knowledge and Innovation Community (KIC) in the 'innovation for healthy living and active ageing' theme and on the rejection of other applicants in the 2014 call for KICs' proposals¹⁴;

Having regard to Decision 36/2018 of the Governing Board of the EIT of 4 December 2018 on the designation of the Knowledge and Innovation Community in the 'Urban Mobility' thematic area¹⁵;

Having regard to Decision 37/2018 of the Governing Board of the EIT of 5 December 2018 on the designation of the Knowledge and Innovation Community in the 'Manufacturing' thematic area¹⁶;

WHEREAS

- (1) As of 2021, the EIT is part of the Horizon Europe Framework Programme for Research and Innovation and the new financial framework (i.e. EU Multiannual Financial Framework 2021-2027). Additionally, the new specific legal framework (i.e. EIT Regulation (recast), Strategic Innovation Agenda 2021-2027) has reached a political agreement in the respective legislative procedures.

⁸ Ref Ares(2021)1558856

⁹ Ref Ares(2010) 130286-11/03/2010

¹⁰ 02008.EIT.2014.I.EIT.GB

¹¹ 00105.EIT.2015.I.GB34

¹² 02730.EIT.2015.I.GB38

¹³ 05940.EIT.2016.I.GB42

¹⁴ 01148.EIT.2018.I.E1

¹⁵ Ref. Ares(2018)6260797

¹⁶ Ref. Ares(2018)6261053

- (2) The new framework requires the significant revision of the funding allocation and financial sustainability rules of the EIT applied until now. For this reason, Governing Board Decision 4/2015 on the principles on KICs' financial sustainability and Governing Board Decision 35/2015 on the EIT principles for financing, monitoring and evaluating KIC activities shall be repealed with retroactive effect of 1 January 2021.
- (3) As laid down in the proposals for the EIT Regulation (recast) and the EIT Strategic Innovation Agenda 2021-2027, the criteria for the funding allocation need to be revised towards a performance-based funding model, thus, the support and competitive funding allocation principles should be abandoned. This performance-based allocation mechanism shall include assessing the KICs' business plans and performance as measured by continuous monitoring in accordance with Article 10 of the EIT Regulation (recast) and as described in the EIT Strategic Innovation Agenda 2021-2027.
- (4) As the fourth wave of KICs, EIT Manufacturing and EIT Urban Mobility, will only report on their past performance in March 2021, they cannot be assessed based on their past performance.
- (5) In accordance with the EIT Regulation (recast), the EIT funding shall continue to decrease for the first wave of KICs. The KICs' co-financing requirements shall be aligned with the EIT Strategic Innovation Agenda 2021-2027 – i.e. EIT funding rate for first wave KICs shall be maximum 50% for KIC added-value activities presented in the KIC Business Plans, 80% for second wave KICs and 100% for other KICs.
- (6) As indicated in the EIT Strategic Agenda 2021-2027, some KICs' activities, due to their specific nature, might need extra incentives to be performed. To this aim, the EIT Governing Board might decide to apply more favourable funding conditions for cross-KIC activities, RIS activities and new action supporting the entrepreneurial and innovation capacity of the higher education sector.
- (7) As required by EIT Strategic Innovation Agenda 2021-2027, maximum 7% shall be dedicated to Cross-KIC activities, including competitive calls addressed to KICs for which the framework partnership agreement is terminated.
- (8) In line with the EIT Strategic Innovation Agenda 2021-2027, EIT RIS activities shall be mainstreamed in the KIC Business Plans and the EIT budget (2021-2027) devoted to implementing EIT RIS activities which shall be at least 10% and maximum 15% of the overall EIT funding for existing and new KICs, thereby increasing the number of KIC partners from targeted regions.
- (9) In accordance with the EIT Strategic Innovation Agenda 2021-2027, the EIT shall design and launch a pilot to support the development of innovation capacity in higher education, which shall be implemented through the KICs in 2021. Maximum 3% of the EIT budget shall be dedicated to a new pilot to help develop the entrepreneurial and innovation capacity of Higher Education institutions (HEI).
- (10) The EIT Director should define the specific criteria and modalities of the funding allocation process with regard to the assessment of KIC's Business Plan proposals and performance.

HAS DECIDED AS FOLLOWS:

Article 1
Distribution of the 2021 EIT budget to KICs

For 2021, the overall EIT budget available to the KICs shall be distributed by means of two separate ‘funds’ as follows:

- (1) 32 MEUR shall be available to the KICs for Cross-KIC activities, including shared services as well as 12 MEUR to be dedicated to a new pilot to help develop the entrepreneurial and innovation capacity of HEI (‘Cross-KIC Fund’). The EIT Director shall define the eligibility and award criteria, including a quality threshold.
- (2) After deducting the Cross-KIC Fund from the overall EIT budget available for KICs, the remaining EIT budget (the ‘EIT KIC Fund’) shall be distributed between the four waves of KICs in accordance with the split indicated in Article 2 below, while further performance based funding principles shall apply as determined by the Governing Board in Article 3 below. As part of the EIT KIC Fund, each KIC’s Business Plan budget should dedicate at least 10% to the implementation of the EIT RIS scheme.

Article 2
Distribution of the EIT grant among the waves of KICs for 2021 (EIT KIC Fund)

For 2021, the EIT KIC Fund shall be split as follows:

KIC wave	2021 indicative split
First wave (EIT Climate-KIC, EIT Digital, EIT InnoEnergy)	30%
Second and third waves (EIT Health, EIT Raw Materials, EIT Food)	50%
Fourth wave (EIT Manufacturing, EIT Urban Mobility)	20%

Article 3
Criteria for funding allocation per KIC (EIT KIC Fund)

The EIT grant per each KIC (EIT KIC Fund) shall be allocated based on the below criteria:

Criteria*	Maximum score
1) Multiannual strategy	30
2) Financial sustainability (2019)	20
3) Effectiveness of KTI measured by KPIs (2019)	20
4) Financial performance measured by KPIs (2019)	10
5) Non-financial performance (2019 and 2020)	10
6) Business Plan quality and ambition (2021)	10

(*) For EIT Urban Mobility and EIT Manufacturing, only criteria 1, 5 and 6 apply.

Article 4

Cross-KIC grants allocation to KICs (Cross-KIC Fund)

The EIT Director shall define the Cross-KIC topics and modalities to award grants in accordance with Article 5.

Article 5

Definition of modalities for 2021

- (1) Based on the principles laid down in this Decision, the EIT Director shall define the modalities of the 2021 assessment process, in particular:
 - the expected structure and content of the proposals and the estimated budgets,
 - the specific criteria and corresponding weightings for the evaluation,
 - the timeline of the process including the specific stages where further communication to the KICs or feedback is foreseen,
 - the formal requirements for receiving the EIT financial contribution,
 - the role and profiles of the independent external experts.
- (2) The EIT Director shall launch the invitation to submit KIC Business Plan proposals including Cross-KIC activities and shared services without delay.
- (3) The funding allocation shall be subject to compliance with the Governing Board recommendations (if any) and the adjustments to be made to the proposals after the EIT's assessment.

Article 6

Final provisions

If the provisions of the new legal framework applicable as of 2021 and/or the EU Multiannual Financial Framework 2021-2027 and the final EIT budget for 2021 require it, the Governing Board authorises the EIT Director to make non-significant adjustments of the provisions of this Decision.

Article 7
Entry into force and repeal

- (1) This decision shall enter into force with retroactive effect on 1 January 2021.
- (2) Governing Board Decision 4/2015 on the principles on KICs' financial sustainability shall be repealed with retroactive effect on 1 January 2021.
- (3) Governing Board Decision 35/2015 on the EIT principles for financing, monitoring and evaluating KIC activities shall be repealed with retroactive effect on 1 January 2021.

Done in Budapest, 22 February 2021

Gioia Ghezzi
Chairperson of the EIT Governing Board