



MONITORING AND EVALUATION STRATEGY

DECISION 07/2022 OF THE GOVERNING BOARD OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE EIT MONITORING AND EVALUATION STRATEGY (2022-2027)

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

Having regard to Regulation (EU) 2021/819 of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology (recast)¹ (hereafter referred to as the 'EIT Regulation'), and in particular Articles 10, 11, 19, 20 thereof, and point (1)(j) of Section 2 of the Statutes of the EIT provided in Annex I to the EIT Regulation;

Having regard to Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013² (hereafter referred to as the 'Horizon Europe Regulation'), in particular Articles 10 and 50, and Annexes III and V thereof;

Having regard to Decision 2021/820 of the European Parliament and of the Council of 20 May 2021 on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021 -2027: Boosting the Innovation Talent and Capacity of Europe and repealing Decision No 1312/2013/EU³ (hereafter referred to as the 'EIT SIA 2021-2027'), in particular Sections 3.1, 3.6.1, 3.6.2, 5.2.1. and 5.2.2. thereof;

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 966/2012⁴ (hereafter referred to as the 'EU Financial Regulation');

Having regard to Decision 7/2017 of the Governing Board of the EIT of 29 May 2017 on the adoption of the EIT Monitoring Strategy⁵;

Having regard to Decision 21/2019 of the Governing Board of the EIT of 25 September 2019 on the Financial Regulation of the EIT⁶, in particular Article 1 thereof;

¹ OJ L 189, 28.5.2021, p. 61

² OJ L 170, 12.5.2021, p. 1

³ OJ L 189 of 28.5.2021, p. 91

⁴ OJ L 193, 30.7.2018, p. 1

⁵ 01277.EIT.2017.I.GB.WP

⁶ Ares(2019)6810859



Having regard to Decision 13/2021 of the Governing Board of the EIT of 17 March 2021 on the principles on the financial sustainability of Knowledge and Innovation Communities (KICs)⁷;

Having regard to Decision 14/2021 of the Governing Board of the EIT of 7 May 2021 on the principles for financing, monitoring and evaluating Knowledge and Innovation Community (KIC) activities⁸;

Having regard to Decision 17/2021 of the Governing Board of the EIT of 7 May 2021 on the adoption of the EIT Key Performance Indicators⁹;

Having regard to Decision 42/2021 of the Governing Board of the EIT of 23 November 2021 on the supervision framework of Knowledge and Innovation Communities (KICs)¹⁰;

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, Strategic Innovation Agenda 2021-2027) was adopted in May 2021.
- (2) The EIT Strategic Innovation Agenda (2021-2027) requires the EIT to improve its current monitoring system and introduce a reporting and monitoring framework including key performance indicators, aligned with the impact pathway indicators of Horizon Europe. The KICs are Institutionalised European Partnerships under the Horizon Europe Regulation, and as such, they shall deliver clear impacts for the Union and its citizens. Additionally, based on the indicators listed inter alia in Annex V to the Horizon Europe Regulation, the EIT shall monitor and analyse the performance, the leverage investments and the different qualitative and quantitative impacts.
- (3) In line with the EIT Strategic Innovation Agenda (2021-2027) the EIT's activities, including those managed through KICs, are expected to have technological, economic and innovation impact by influencing the creation and growth of businesses, as well as the creation of new innovative solutions to address global challenges, creating direct and indirect jobs and mobilising additional public and private investments; scientific and educational impact by strengthening human capital in research and innovation, enhancing innovative and entrepreneurial skills both at individual and organisational levels and fostering the creation and diffusion of knowledge and innovation openly within society; societal impact, including an impact derived by systemic solutions within and beyond the EIT Community, also through cross-KIC activities, by addressing Union policy priorities in the fields of climate change (such as mitigation, adaptation and resilience), energy, raw materials, health, added value manufacturing, digital, urban mobility, food, culture and creativity, or water through innovative solutions, engagement with

⁷ Ares(2021)2134807

⁸ Ares(2021)3111256

⁹ Ares(2021)3113267

¹⁰ Ares(2021)7384565



citizens and end-users and by strengthening the uptake of innovative solutions in these areas in society.

- (4) The EIT Strategic Innovation Agenda (2021-2027) requires the EIT to ensure the development of the specific societal indicators in the areas of activity of the KICs and shall carry out regular monitoring in line with the Horizon Europe framework for societal impact.
- (5) As per Section 5.2.1 of the EIT Strategic Innovation Agenda 2021-2027, continuous monitoring procedures, as well as interim review and comprehensive assessment procedures, including the establishment of a sound set of quantitative and qualitative indicators and their related baseline and targets, shall be established by the Governing Board.
- (6) As laid down in the EIT Strategic Innovation Agenda 2021-2027, the EIT shall provide strengthened operational guidance to the KICs and continuously monitor the KICs' performance to ensure compliance with sound management, good governance, monitoring and evaluation principles set in the EIT Regulation, as well as the principles and criteria for European Partnerships set out in the Horizon Europe Regulation and alignment with the requirements stemming from Horizon Europe priorities and indicators in order to maximise their performance and impact, based on a long-term collaboration strategy between the EIT and.
- (7) The EIT Regulation requires the EIT Governing Board to adopt effective, efficient, transparent and continuous monitoring and evaluation procedures, including a sound set of indicators in accordance with Articles 10, 11 and 19 of the EIT Regulation, and supervise their implementation by the Director.
- (8) As laid down in Article 10 of the EIT Regulation, the EIT shall, on the basis of indicators and monitoring provisions set out, inter alia, in Horizon Europe and in the SIA, and in close cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC, including the progress of the KICs towards financial sustainability, cost-efficiency and openness to new members.
- (9) In accordance with Article 11 of the EIT Regulation, the decision of the Governing Board to extend the partnership agreement for a further period of up to seven years shall be based on the outcome of the interim reviews and of a comprehensive assessment of the performance and activities of each KIC.
- (10) Article 19 of the EIT Regulation requires the EIT to adopt a single programming document based on the SIA, in accordance with its financial rules, containing, among others, appropriate qualitative and quantitative methods, tools and indicators for monitoring the activities of the EIT and the KICs, using an impact-oriented and performance-based approach
- (11) In order to implement the above requirements, in compliance with the Horizon Europe and EIT legal framework, the EIT has developed a new Monitoring and Evaluation Strategy for the



period 2022 – 2027, which shall replace the EIT Monitoring Strategy adopted by Decision 7/2017 of the Governing Board of the EIT.



HAS DECIDED AS FOLLOWS:

Article 1
Adoption

The annexed EIT Monitoring and Evaluation Strategy (2022-2027) is hereby adopted.

Article 2
Entry into force and repeal

- (1) This decision shall enter into force on the day of its adoption.
- (2) This decision shall repeal the EIT Monitoring Strategy laid down in Decision 7/2017 of the Governing Board of the EIT.

Done in Budapest, 16 March 2022

Gioia Ghezzi
Chairperson of the EIT Governing Board



EIT MONITORING AND EVALUATION STRATEGY (2022 – 2027)

March 2022



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1. BACKGROUND AND LEGAL BASIS

1.1 BACKGROUND

The Monitoring and Evaluation Strategy aims to provide a strategic direction and framework for the European Institute of Innovation and Technology (EIT) for its monitoring and evaluations of Knowledge and Innovation Communities (KICs), including their progress towards financial sustainability, cost-efficiency and openness to new members for the period 2022 – 2027. It proposes a robust continuous analysis of the KICs' performance, regular monitoring of evidence-based outputs, results and impact as detailed in the Key Performance Indicators (KPIs) of the EIT Impact Framework and rigorous governance. It supports the EIT-KIC operational model, including the multi-annual grant cycle, and is aligned with the Horizon Europe legislation, the EIT Impact Framework and relevant EIT policies and principles. This document reflects EIT past lessons learnt from monitoring and evaluation. It replaces the previous EIT Monitoring Strategy developed in 2015 and updated in 2017, and serves as a reference for monitoring and evaluation activity plans to be implemented by the EIT with regard to the KICs and EIT-led initiatives in the period 2022 - 2027.

Since its setting up in 2008, the EIT has established itself as a unique instrument in the EU, addressing societal challenges through the integration of the knowledge triangle – higher education, research and business – across the Union and beyond. In the period 2021-2027, the EIT's mission is to contribute to sustainable Union economic growth and competitiveness by reinforcing the innovation capacity of all Member States and the Union in order to address major challenges faced by society. It shall do this by promoting synergies, integration and cooperation among higher education, research and innovation of the highest standards, including by fostering entrepreneurship, thereby strengthening the innovation ecosystems in an open and transparent manner.

The EIT achieves its objectives mainly through Knowledge and Innovation Communities (KICs), which are large-scale institutionalised European partnerships, as referred to in the Horizon Europe Regulation, between higher education and training institutions, business and research organisations and other stakeholders in the innovation process.

The KICs in the first wave (EIT Digital, EIT Climate-KIC and EIT InnoEnergy), launched in 2009, have matured and their partnership agreements are to be terminated after 2024, in line with the EIT Regulation. A second and third generation of KICs (EIT Health and EIT RawMaterials, launched in 2014, and EIT Food, launched in 2016) are maturing. EIT Urban Mobility and EIT Manufacturing were both launched in December 2018 and started their operations in 2019. An additional KIC in Cultural & Creative Sectors and Industries is expected to be designated in 2022, and another one in the area of water, marine and maritime sectors and ecosystems is expected to be designated in 2026.

1.2 EIT REGULATION AND EIT STRATEGIC INNOVATION AGENDA (2021-2027)

As required in the EIT legislative framework¹, during the period 2021-2027 the EIT will continue supporting the KICs to strengthen the innovation ecosystems that help tackle global and societal challenges, in full complementarity with Horizon Europe and other Union programmes. In line with its Strategic Innovation Agenda (SIA) 2021-2027², the EIT shall in particular:

¹ Regulation (EU) 2021/819 of 20 May 2021 on the EIT (recast); OJ of the EU L 189/61 28.5.2021

² Decision (EU) 2021/820 Strategic Innovation Agenda of the EIT 2021-2027: Boosting the Innovation Talent and Capacity of Europe; OJ of the EU L 189/91 of 28.05.2021

- strengthen sustainable innovation ecosystems across Europe
- foster innovation and entrepreneurial skills in a lifelong learning perspective, including increasing capacities of higher education institutions across Europe
- create new solutions to address global societal challenges
- ensure synergies and value added within Horizon Europe.

Specifically, the objectives of the EIT during the current programming period are to:

- increase the openness, impact and transparency of KICs and knowledge triangle integration across the Union
- increase the entrepreneurial and innovation capacity of the higher education sector across Europe by promoting and supporting institutional change in higher education institutions and their integration in innovation ecosystems
- increase the regional and local outreach of the EIT and its KICs in particular by including a wider range of stakeholders in order to address disparities in innovation capacity and to enhance knowledge and innovation diffusion across the Union.

In order to achieve its mission and objectives, the EIT should **supervise and provide strategic and operational guidance to the KICs** by implementing appropriate quality control measures and setting up a continuous monitoring system to support its impact-oriented and performance-based approach. It should continuously monitor the KICs' performance to ensure compliance with sound management, good governance, monitoring and evaluation principles set in the EIT Regulation, as well as the principles and criteria for European Partnerships outlined in the Horizon Europe Regulation.

In addition, the EIT should conduct periodic KIC evaluations, namely **interim reviews** covering the first three years of the partnership agreement and the three years following any extension, **comprehensive assessments** conducted before the end of the seventh year of the partnership agreement, and **final reviews** conducted before the end of the partnership agreement, as well as an evaluation of the pilot phase of the Higher Education Institutions Capacity Building Initiative (HEI CBI). An **in-depth independent study** should be conducted by the end of 2023 on the basis of which the EIT shall establish, in close cooperation with the Commission, the overall framework for its relations with the KICs whose partnership agreement is terminated or expired in the course of the 2021-2027 programming period.

In case of positive results from the 7-year comprehensive assessment, the EIT Governing Board may decide to extend the partnership agreement with the KIC for a further period of up to seven years. Furthermore, the Governing Board is required to take corrective measures in respect of the KICs when appropriate, considering the outcomes of these reviews and assessments. The EIT should regularly inform the Member State Representatives Group (MSRG) of the performance, achievements and activities of the EIT and the KICs, the results of their monitoring and evaluation, and their performance indicators and corrective measures. The MSRG shall provide its opinion in regard thereto.

1.3 HORIZON EUROPE REGULATION

In the context of Regulation (EU) 2021/695, the EUT legislators made a firm commitment to raise Europe's innovation potential further in order to be able to respond to future challenges. The EIT's distinctive role in fostering innovation by bringing together business, education, research, public authorities and civil society is reinforced by its positioning in Pillar III 'Innovative Europe' of Horizon Europe.

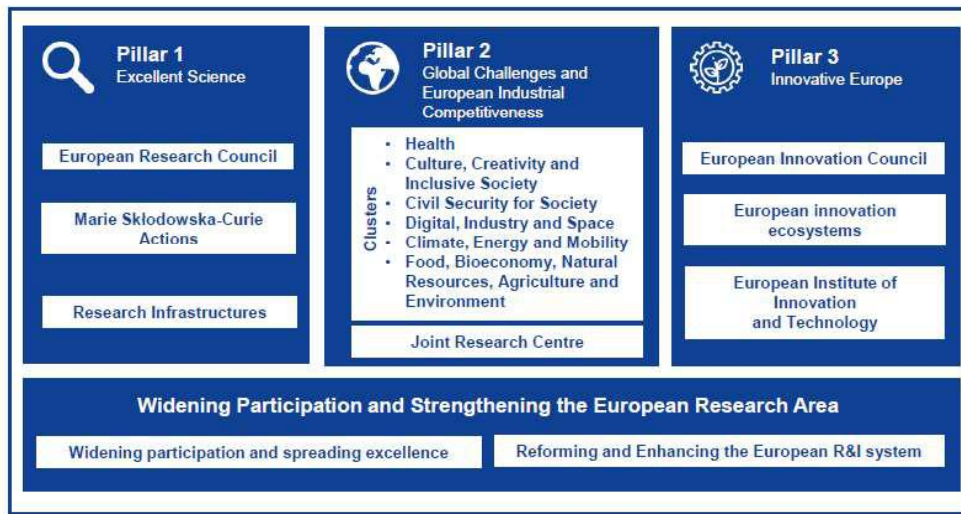


Figure 1 Horizon Europe pillar structure

The EIT's monitoring and evaluation activities must be aligned with Annex III of the Horizon Europe Regulation, according to which the programme should respect the following:

Monitoring:

- a monitoring system in line with the requirements set out in Article 45 to track progress towards specific policy objectives, deliverables and key performance indicators allowing for an assessment over time of achievements, impacts and potential needs for corrective measures
- periodic dedicated reporting on quantitative and qualitative leverage effects, including on committed and actually provided financial and in-kind contributions, visibility and positioning in the international context, impact on research and innovation related risks of private sector investments
- detailed information on the evaluation process and results from all calls for proposals within partnerships, to be made available timely and accessible in a common e-database

Evaluation, phasing-out and renewal:

- evaluation of impacts achieved at Union and national level in relation to defined targets and key performance indicators, feeding into the Programme evaluation set out in Article 47, including an assessment of the most effective policy intervention mode for any future action; and the positioning of any possible renewal of a European Partnership in the overall European Partnerships landscape and its policy priorities
- in the absence of renewal, appropriate measures ensuring phasing-out of Framework Programme funding according to the conditions and timeline agreed with the legally committed partners ex-ante, without prejudice to possible continued transnational funding by national or other Union programmes, and without prejudice to private investment and on-going projects.

1.4 PRINCIPLES FOR FINANCING, MONITORING AND EVALUATING KIC ACTIVITIES

In 2021 in line with its mandate to establish effective, efficient, transparent and continuous monitoring and evaluation procedures, the EIT GB adopted Principles for financing, monitoring and evaluating Knowledge and Innovation

Community (KIC) activities³, including the principle of performance-based funding. With this principle the EIT funding is directly tied to progress made in the areas defined in the EIT Regulation, including the progress of the KICs towards financial sustainability, cost-efficiency and openness to new members. To incentivise KIC performance the EIT financial contribution is allocated so that it balances the requirement to support the KICs' long-term strategy while rewarding each KIC for its excellence, impact ambition and implementation in the mid-term. The principles for KIC monitoring and evaluation, as adopted by the EIT GB, are the backbone of the EIT Monitoring and Evaluation Strategy.

1.5 EIT IMPACT FRAMEWORK

Along with the existing legal requirements and the inherent commitment of the EIT to maximise impact⁴, the EIT has developed an Impact Framework that complements the Horizon Europe and EIT legislation, and KIC strategies in defining the socio-economic impacts to be created by 2027 and enables KICs' strategic alignment with the EIT mission and high-level objectives. The EIT Impact Framework allows measuring, through an accurate and credible process, the EIT contribution to innovation, knowledge triangle integration, economic development and societal challenges, and thus demonstrating impact of the EIT investment. Subsequently, the outcomes of this process will feed into EIT decisions on future investment in KICs and strategic steering.

The Impact Framework integrates pathways (short to medium-term results) towards the impacts which are expected to be created by the EIT and KICs as per the EIT SIA, namely:

- **technological, economic and innovation impact** by influencing the creation and growth of businesses, as well as the creation of new innovative solutions to address global challenges, creating direct and indirect jobs and mobilising additional public and private investments
- **scientific and educational impact** by strengthening human capital in research and innovation, enhancing innovative and entrepreneurial skills both at individual and organisational levels
- **societal impact**, including an impact derived by the delivery of systemic solutions within and beyond the EIT Community, by addressing Union policy priorities

The EIT Impact Framework aligns the EIT and KIC strategic planning with monitoring and evaluation, and streamlines result-based investment decisions as follows:

- **Strategic impact-led planning:** For each strategic goal the KICs plan in their Strategic Agendas societal and economic impacts to be created including measurable impact targets to ensure that the goals attainment can be evidenced and assessed (as per the Impact Framework KPIs). In addition, the KICs further determine annual targets for the short to medium-term KPIs of the EIT Impact Framework to ensure progress against targets is clearly measured and when needed corrective actions are considered. The KICs then plan activities as part of their Business Plans for achieving the strategic objectives and KPI targets. (*Figure 2 – left-hand side: top-down strategic planning*)

³ https://eit.europa.eu/sites/default/files/2021-14_20210507-gbwp_principles_on_fin_mon_eval_kics_activities_to_gb_dml_eit.pdf

⁴ Impact is defined as wider long-term effects on society (including the environment), the economy and science, enabled by the outcomes of R&I investments. It refers to the specific contribution of the KICs to achieving long-lasting systemic economic and societal changes. Impacts generally occur some time after the end of the interventions. Horizon Europe Programme Guide: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/programme-guide_horizon_en.pdf. The Guide provides also definitions on outputs, results and outcomes.

- Performance monitoring and evaluations:** Data is collected, analysed and monitored for each level in the impact pathway to be able to assess and demonstrate the contribution of KIC activities/projects to the systemic changes later, i.e. data for outputs, then for short-term and medium-term results and, finally, impact data. This data will be used to assess whether the activity, EIT or KIC performance is on track or changes/interventions in the activity plan will be needed so that to ensure the envisaged systemic impact is achieved at a later stage. Collecting data at each of the lower levels of the impact pathway (i.e. outputs, short/medium-term results) will provide credible evidence on performance and, crucially, on whether a particular intervention has achieved or is achieving its desired outcomes. Data collected against short to medium-term KPIs will form the basis of the performance monitoring whereas data collected against medium to long-term (impact) KPIs will be the basis of KIC evaluations. (Figure 3 – right-hand side)
- Performance-based investment:** The EIT Governing Board will decide which KPIs in the Impact Framework will be used for KICs’ future financing allocations (i.e. core KPIs). The KICs should ensure that every project and partners’ activity included in the Business Plans deliver towards at least one core KPI. Thus the alignment of the funding mechanism with achieved critical results and, respectively, KICs’ progress towards the long-term strategic targets (impact indicators) will be ensured.

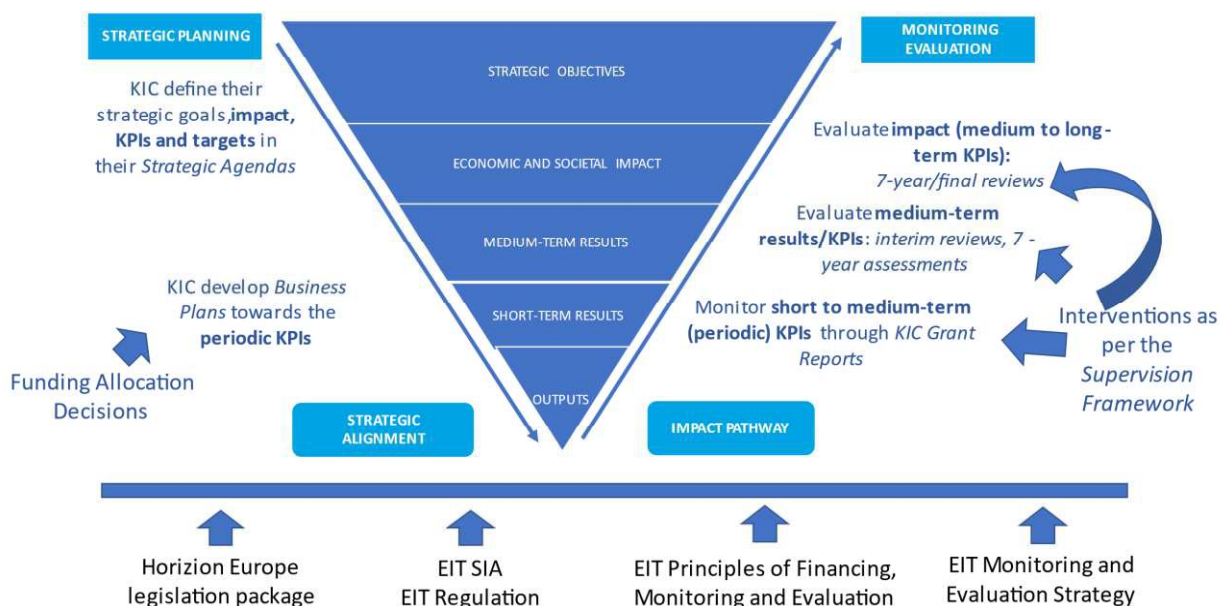


Figure 2 Strategic alignment of planning, monitoring and evaluation

1.6 DEFINITIONS

Monitoring is defined here as “a continuous and systematic process of data collection about an intervention. It helps identify and address any implementation problems and generates factual information for future evaluation and impact assessments. It helps to check whether the intervention is “on track”, to generate information that can be used to

evaluate whether the intervention has achieved its objectives” and identify where improvements can be made.⁵ Thus, in the context of the KICs the monitoring is a continuous function of assessing their performance, managing risk and supporting improvement throughout all stages within their lifecycle.

At EIT, three types of monitoring will be performed:

- **Periodic monitoring:** monitoring of the KIC’s operational performance including an assessment of KIC’s Business Plans, their implementation and administrative expenditure and the interim and final reports that KICs will submit to the EIT during and following the implementation of the Business Plans.
- **Continuous monitoring:** continuous monitor of the KICs’ performance during grant implementation to ensure compliance with sound management, good governance, monitoring and evaluation principles set in the EIT Regulation, the principles and criteria set for European Partnerships in the Horizon Europe Regulation.
- **Reinforced monitoring:** reinforced monitoring measures, such as dedicated monitoring activity, enhanced activity reporting, independent expert assessment or audit, legal analysis, assignment of an EIT staff/expert observer to Board, management or project meetings (reinforced monitoring by the EIT); GB rapporteur visit, assignment of a GB observer to Board meetings (reinforced monitoring by the GB). This type of monitoring is foreseen in the Partnership Agreements and the EIT Supervision Framework.

Evaluation⁶ in the EIT context is defined as “the process of determining the results and impact of EIT KICs to assess the relevance of objectives, the efficacy of design, management and implementation, the efficiency or resource use, and the long-term sustainable economic and societal changes”. It is periodic and objective (evidence-based) assessment of KICs, conducted at the appropriate scale according to different decision-making contexts. Evaluation also enables the incorporation of lessons learnt into the decision-making process for EIT and EU level innovation programming in the future.

Thus, the EIT Monitoring and Evaluation Strategy is conceptualised for the processes of monitoring (allowing traceability) and of outcome/impact evaluation. It aims to assist EIT in its analysis of compliance behaviours and impact pathway’s patterns and managing risks. It aims to support learning and the use of evidence from collected and processed structured data, and to implement monitoring activities. The Strategy also provides grounds for specific topic-based analyses to gain insights into the evolution and continuous improvement of the KIC model, including strengthening the knowledge triangle integration.

2. OBJECTIVES AND SCOPE OF THE EIT MONITORING AND EVALUATION ACTIVITY

2.1 SWOT ANALYSIS

⁵ This definition takes into account both the European Union short summary definition: https://ec.europa.eu/info/research-and-innovation/strategy/support-policy-making/shaping-eu-research-and-innovation-policy/evaluation-impact-assessment-and-monitoring_en and the description

in the European Commission “Better Regulation” package.

⁶ Ibid. “Evaluation can be defined as “the process of determining the worth or significance of a development activity, policy or program .. to determine the relevance of objectives, the efficacy of design and implementation, the efficiency or resource use, and the sustainability of results. An evaluation should (enable) the incorporation of lessons learned into the decision-making process of both partner and donor”.

In the period 2015-2021, the EIT has built a strong expertise in monitoring and evaluation of KICs, the outcomes of which were effectively used over years for strategic guidance and improving KIC performance and operations. Nevertheless, it should resolve and overcome existing weaknesses and challenges. Some solutions are proposed in this document.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Transition made from project-level to systems-level monitoring, focussed on the KICs’ selection of projects/activities and portfolio management with a focus on core KPIs and impact • EIT and KICs have stable and clear strategies for 2021-2027 • Strong in-house knowledge and extensive data gathered on KIC operation and performance • Strong in-house expertise and experience in monitoring and evaluation • EIT has experience in on-going monitoring of the funding distribution (e.g. Crisis Response Initiative) • Comprehensive Impact Framework in place to capture progress towards societal and economic impacts incl. in education, business creation, innovation and innovation ecosystems • Grant Allocation Framework, Supervision Framework, innovation, financial sustainability principles as well as Principles of KIC financing, monitoring and evaluation to steer KICs in place • Specific societal impact KPIs defined in KICs Strategic Agendas which will facilitate impact evaluations 	<ul style="list-style-type: none"> • Outdated EIT Monitoring Strategy • Lack of comprehensive business intelligence tools and data for EIT and no state-of-the-art IT tool, including fragmentation of tools used • Continuous monitoring was mainly focused on a small sample of projects • Insufficient follow-up of monitoring results and recommendations, incl. implementation of changes and improvements • KICs as independent legal entities may disregard the EIT recommendations made as results of monitoring • High level of granularity in monitoring instead of focusing the monitoring on strategic issues (financial sustainability, core KPIs delivery, impact) • Timeline of various continuous monitoring and evaluation activities needs improvement to ensure that monitoring feeds into GB strategic decisions • EIT monitoring and reporting seen by KICs as highly complex and creating major workload

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • EIT Supervision Framework provides the framework for corrective and preventive measures • Cross-KIC shared services reduces administrative burden and stimulates best practice sharing among KICs • The multi-annual cycle creates better opportunities for continuous monitoring of KIC portfolio management in line with the cascading model and project selection • Enhanced monitoring may lead to simplified KIC Business Plan proposal and KIC Report assessment, ensuring a more optimal spread of workload and avoiding peak periods • EIT can steer KICs in ensuring openness and transparency of their calls, incl. by developing a mandatory text for the calls • The new EIT Monitoring and Evaluation Strategy can strengthen the focus of monitoring on strategic issues and conceptualise how to use the monitoring results more effectively • A common KIC IT tool for data reporting could ensure consistency across KICs in data gathering and reporting, would greatly facilitate the EIT's monitoring activities and it would ensure "real-time" access to relevant information by the EIT • Link with the European Commission tools to better compare performance of the KICs with other Horizon Europe partnerships • Streamlining various evaluations including thematic reviews would reduce burden from evaluations on KICs and EIT • DG RTD-led monitoring and evaluations of the European Partnerships including KICs will complement EIT-led monitoring and evaluations and provide comparative data and analysis 	<ul style="list-style-type: none"> • Stretched internal resources available for monitoring (insufficient staff, competences are and lack of knowledge of KIC operations/ innovation management and societal challenges) • Control and assurance risk due to shifting to systems check and less granular data being available • Possible duplication with DG RTD-led monitoring of the KICs • Overburden for KICs from being continuously monitored by the EIT and the European Commission • Reputational risk for EIT by being seen as unnecessarily complex to finance innovation • Challenging timeline for developing and piloting the KIC IT tool • Dependence of the implementation of the future EIT data model on DG RTD flexibility in updating the e-Grants platform

Table 1 SWOT Analysis of the EIT monitoring and evaluation activities

2.2 OBJECTIVES

In line with its legislation, the EIT will perform continuous monitoring and periodic evaluations of the output, results and impact of the KIC, including their progress towards financial sustainability, as well as horizontal requirements such as

cost-effectiveness of operations and openness to new members.⁷ In particular, the EIT will place emphasis on continuous monitoring of the KICs' progress towards financial sustainability, in order to ensure that KICs gradually build a capacity to finance their knowledge triangle activities independently of contributions from the EIT. The results of the EIT's monitoring and evaluation activities will feed into EIT Governing Board decisions on preventive and corrective measures in respect of the KICs when appropriate and in line with the EIT GB – Supervision Framework of KICs⁸, on the extension of the Partnership Agreement with the KICs, and on the conclusion of a memorandum of cooperation with the KIC pursuant to Article 11 of the EIT Regulation. In addition, the data collected through monitoring and evaluations will help adapt activity implementation, day-to-day management including management of risk and EIT and KICs' decisions related to effective implementation processes and governance, and resolving challenges associated with these processes.

Monitoring and evaluation of the KICs will be a critical source of information about KIC performance measured through the KPIs in the Horizon Europe key impact pathways and the EIT Impact Framework. As such they will serve the following critical functions:

- constitute the key means of **supervision** and serve as a basis for the **intervention measures** by the EIT and its GB
- feed into the **strategic guidance and decision-making** related to improving KIC governance and performance and impact focus
- identify **risks** related to KIC's effectiveness incl. impact, efficiency and added value, and inform risk mitigation
- serve the basis for **performance-based funding allocations**
- facilitate the EIT **timely access to information** additionally to the KICs Business Plans at portfolio level, complementing the EIT capacity to supervise and provide strategic and operational guidance to the KICs
- help the EIT and KICs **learn** how to improve their activities and approaches, exchange good practices and lessons learnt

Supervision and strategic guidance

When the monitoring and evaluations identify scope for improvement or risk of underperformance, different forms of possible intervention may be required such as cooperation with a KIC in the form of best practice sharing or shared services, issuing strategic recommendations, reinforced monitoring by the EIT or by the GB to prevent underperformance; and corrective measures to address underperformance such as corrective recommendations, reduction, modification or withdrawal of EIT financial contribution, suspension or termination of the partnership agreement with a KIC as per the EIT GB – Supervision Framework of KICs.

Risk management

The role of monitoring and evaluation with regard to risk management is two-fold: 1) to identify risks related to achieving KIC's objectives and 2) to monitor risk mitigation actions. On-going risk management will result in EIT management and GB adjusting risk levels for a particular KIC in areas of strategic importance (e.g. financial sustainability). Changes in risk levels will be analysed annually, also taking into account the risks identified by the KICs in their Business Plans, as part of developing the annual Dashboard (see chapter 3.2) or more frequently for high-risk items and/or if escalation reports require it. Where relevant, the result of the risk management update will trigger intervention measures as per the EIT GB Supervision Framework.

Performance-based funding

⁷ EIT Regulation, Article 10

⁸ Decision 42/2021 of the Governing Board of the European Institute of Innovation and Technology of the Supervision Framework of the Knowledge and Innovation Communities, Ref. Ares(2021)7384565 - 30/11/2021

Monitoring is a critical process in the EIT performance-based funding model. Data gathered through continuous monitoring will be used by the EIT Governing Board for decisions on future grant allocation to each KIC. The EIT financial contribution is allocated so that it balances the requirement to support the KICs' long-term strategy while rewarding each KIC for its excellence, impact ambition and implementation in the mid-term.⁹

Learning and dissemination of good practices

The monitoring and evaluation activities will help identify what specific approaches are working effectively to support KICs in achieving the EIT objectives, what is being learned about ensuring the right level and type of support, guidance, investment, how this learning is being applied to improving performance, impact and wider geographical spread. Very importantly, these processes will contribute to future evidence-based policy-making in the Horizon Europe priority areas addressed by the KICs and to policy learning. When the monitoring identifies positive performance of the KICs, good practices will be identified and shared among the EIT Community and the positive assessment will be taken into consideration for future grant allocations.

2.3 SCOPE OF MONITORING

In line with the EIT SIA and the new operational model, the monitoring will encompass the following aspects:

- **KICs' processes regarding selection of activities** to be included in the KICs portfolios as part of their multi-annual Business Plans
- **KICs' management, monitoring and controlling of their activity portfolios** to ensure achieving the desired impact
- Implementation of **strategic guidance, recommendations, preventive and corrective measures** issued by the EIT Governing Board
- KIC progress towards **financial sustainability** in particular leveraging new sources of investments
- KIC progress in terms of **outputs and results** achieved and disseminated in relation to activities specific to the KIC model, such as knowledge triangle integration, business acceleration, innovation, entrepreneurial skills development, including the extended use of the EIT Label, EIT Regional Innovation Scheme (EIT RIS) and Higher Education Institutions Capacity Building Initiative (HEI CBI), measured through the periodic KPIs in the EIT Impact Framework
- KIC's compliance with **good governance principles, innovation principles, EIT Community Brand guidelines**
- KIC progress towards **pan-European coverage and openness** incl. openness of the calls
- **Operations of Co-location Centres (CLCs) and EIT RIS Hubs** and entities and their integration in the local innovation ecosystems
- Effectiveness of activities aiming to maximise impact such as **communication, dissemination and outreach**
- **Operational performance** including KIC's Business Plans implementation and evolution of management costs.

2.4 SCOPE OF EVALUATIONS

The evaluations will be based on the continuous monitoring performed by the EIT and relevant data collected against the Horizon Europe and EIT result and impact KPIs as per the EIT Impact Framework and against the KIC KPI targets as defined in their Strategic Agendas (2021-2027). These evaluations will consider the maturity of the KICs and the respective stage

⁹ Decision 14/2021 of the EIT GB on the Principles for financing, monitoring and evaluating KICs activities, ibid

of their impact pathway. Thus, **the 3-year interim reviews will assess the KIC performance against short to medium-term outputs and results** defined in the EIT Impact Framework, the initial **7-year comprehensive assessments will evaluate the progress made against impact KPIs and targets**, and the **final KIC reviews will focus on the economic/technological and societal impact** created by the mature KICs and achieved **financial sustainability**. All the reviews and assessments will also assess whether and to what extent the KICs are achieving their targets as set in their initial proposals, Partnership Agreements, Strategic Agendas, and Business Plans.

Scope of the comprehensive assessments (after 7 years) and final reviews (after 15 years)

In line with Article 11 (5) of the EIT Regulation, for the purpose of deciding whether to extend the partnership agreement with a KIC, the Governing Board shall take into account the criteria for implementing, monitoring and evaluating the European Partnerships set out in Regulation (EU) 2021/695 and the following matters:

- (a) their relevance to the Union's global challenges;
- (b) their Union added value and relevance with regard to the objectives of the EIT;
- (c) the achievement of their objectives;
- (d) their efforts to coordinate their activities with other relevant research and innovation initiatives;
- (e) their capacity to ensure openness to new members;
- (f) their achievements in attracting new members from across the Union;
- (g) their compliance with good governance principles;
- (h) their efforts and results in designing and implementing gender-sensitive measures and activities; and
- (i) their capacity to develop sustainable innovation ecosystems and the achieved level of financial sustainability.

In addition to the above nine criteria, the evaluations will be aligned with the other Horizon Europe European Partnerships evaluation criteria, currently under development, which are likely to include: achievements of impacts, continuous openness, transparency, governance, visibility, dissemination, joint activities with other instruments, contribution to EU policies.

Given the common evaluation criteria, the KICs 7-year comprehensive assessment and 15-year final review will largely follow the same evaluation logic. However, the 15-year review should take into account and critically reflect on the findings of the 7-year comprehensive assessment. In this way, the 15-year review may act, among other things, as a tool to understand which success factors and weaknesses indicated in the 7-year comprehensive assessments are the most decisive for the continuous success of the KICs. Furthermore, a longer evaluation period will allow the 15-year final reviews to provide more complete and decisive conclusions on the impacts and the EU added value of the KICs.

Focus of the KIC interim reviews (after 3 and 10 years)

As per the EIT Regulation (Article 11) and SIA (5.2.2), the interim reviews of the KICs' performance and activities covering their first three years of the partnership agreement (namely, the KICs' start-up phase) and, if it is the case, the three years following its extension (namely, the maturity phase) shall be **based on the continuous monitoring performed by the EIT**. The latter will include the annual **monitoring reports, GB Rapporteur visits and GB hearings**. The reviews shall help the GB to get early indications on the KICs' performance with respect to their strategy and targets, as well as compliance with GB's indications and strategic recommendations.

Other EIT evaluations conducted by the EIT

In line with its legislation, and as foreseen in the SIA 2021-2027 the EIT will evaluate the pilot phase of the **Higher Education Institutions Capacity Building Initiative (HEI CBI)**. This evaluation will be conducted in 2023 by independent external experts and the results will be communicated to the Member States Representative Group and to the European Parliament. Based on the results of that evaluation, the EIT GB will decide whether the pilot HEI initiative is to be either continued and scaled-up or discontinued before the Single Programming Document 2024-2026 is finalised and adopted.

In addition, the learning from the pilot should be considered when adapting and shaping the follow-up stage of the HEI CBI.

In line with the **EIT Label model** as defined in the EIT Label Framework¹⁰, the education activities awarded EIT Label will undergo a long-term follow-up evaluation after a sufficient number of student cohorts have graduated (at least three). The EIT will define the exact scope of the monitoring and evaluation event, in consultation with the EIT Education Panel, including a specification which aspect(s) of the programme design or performance shall be covered. The evaluation may focus on a single programme, an entire portfolio of a single KIC, or a horizontal topic/element/feature of programmes across KICs (for example, a topic identified during annual monitoring).

Although there is no legal requirement, by 2024, the EIT **RIS Implementation Framework (2022-2027)** will be subject to an evaluation by the EIT, based on the regular assessments related to its implementation. If necessary, this evaluation will be conducted with the assistance of independent experts. Where appropriate, changes will be made to the Implementation Framework for 2025-2027.¹¹ It will provide a thorough assessment of the RIS activities alignment with the smart specialisation strategies, collaboration with and integration of the local innovation ecosystems as well as an assessment of the pathway model including outputs and results, leading to strengthening innovation ecosystems in the EIT RIS-eligible geographical area.

Although not specified in the strategic priorities for monitoring and evaluation, the EIT may conduct thematic or other evaluations or reviews where needed. Given that the EIT's work is grounded in innovation principles and knowledge triangle integration, KICs built their strategies on the integration of innovation, business creation and education activities in different tailored combinations (but always combining all three) in all business plans and actions. Thematic evaluations of the effects and contribution of each of the three may be required to be based on the KPIs defined for the impact pathways in these three areas in the EIT Impact Framework.

Evaluations of the EIT

Periodic evaluations of the EIT activities, including those managed through KICs, will be carried out by the Commission in line with the provisions of the EIT Regulation and Horizon Europe Regulation. In accordance with Article 20 of the EIT Regulation, the European Commission will conduct an interim evaluation to assess, inter alia, the result and impacts of the action supporting the innovation and entrepreneurial capacities of HEIs, the effectiveness of the KICs' financial sustainability strategies, the impact of the RIS and the collaboration between the EIT and the implementing bodies under Pillar III of Horizon Europe. In that respect, the EIT evaluations will notably assess the effectiveness, efficiency, relevance, coherence and EU added value of the EIT activities, including through its KICs. They will examine how the EIT fulfils its mission and objectives and cover the activities of the EIT and the KICs. These evaluations will assess the Union added value of the EIT, the impact across the Union and the impact of the RIS activities, the openness, effectiveness, efficiency, outreach activities, communication, visibility, dissemination of results, the relevance of the activities pursued and whether they are consistent with and complement relevant Union and national policies, including any synergies with other parts of Horizon Europe. They will be based on independent external evaluations and will feed into the Horizon Europe evaluations carried out by the Commission in accordance with Regulation (EU) 2021/695.

3. IMPLEMENTATION OF THE STRATEGY

¹⁰ Decision 11/2021 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the adoption of the new EIT Label Framework on 17 March 2021, Ares(2021)1930763

¹¹ EIT Regional Innovation Scheme Implementation Framework 2022-2027:

https://eit.europa.eu/sites/default/files/eit_ris_implementation_framework_2022-2027.docx_.pdf

3.1 HOW THE MONITORING AND EVALUATION WILL WORK

3.1.1 PERIODIC MONITORING

The EIT will monitor the KIC's operational performance including KIC's Business Plans implementation and administrative expenditure in line with the Principles for financing, monitoring and evaluating KICs. The main reference will be the KIC multi-annual Business Plans as well as the interim and final reports that KICs will submit to the EIT during and following the implementation of the Business Plans. These reports will be based on the Horizon Europe reporting template and guidelines and will describe the operational and financial implementation, results achieved including deliverables and milestones. Based on the KIC periodic reports, the EIT will monitor and assess with the support of external experts the progress and results of the Business Plan implementation against the targets defined in the KIC Business Plans and Strategic Agendas for the periodically planned/reported Impact Framework KPIs (mainly short-term KPIs) as well as the deliverables and milestones determined in the Business Plans.

The periodic reporting will be an important source of collecting and subsequently assessing the monitoring data for several horizontal and cross-cutting aspects:

- KIC progress towards their financial sustainability
- compliance with innovation principles
- implementation of the EIT Label education programmes
- EIT RIS implementation
- cross-KIC activities
- adherence to the Horizon Europe specific requirements and features incl. gender equality, ethics and security, IP practices.

The periodic monitoring results will be used to:

- **identify potential risks** of KIC failure to achieve KPIs, particularly **core KPIs** used for GB funding allocation decisions, or milestones and, respectively, issue recommendations for improving KIC performance
- **initiate and carry out continuous monitoring** of the concerned KICs on the aspects where risks of failure to achieve core KPIs or underperformance were identified
- **feed into the future KICs' business planning** to ensure the Business Plan includes only activities that contribute to core KPIs, critical milestones and maximising impact
- feed into the EIT decision-making on determining the allocation of the budget and EIT's **performance-based funding** of the KICs' activities and the preparation of grant agreements with the KICs as beneficiaries
- trigger **strategic recommendations** by EIT GB to the KICs for the subsequent period taking into consideration the KIC multiannual performance at result and impact level and respectively **monitor the implementation of these recommendations** at the EIT level, and provide the necessary incentives and control, including through the performance-based funding allocation process, to ensure that the KICs implement them
- **trigger other strategic measures** to prevent or to address underperformance in line with the EIT GB - Supervision Framework of KICs

The periodic reporting should take place in line with the provisions of the EIT-KIC grant agreements, Business Plan Calls and the EIT reporting guidelines.

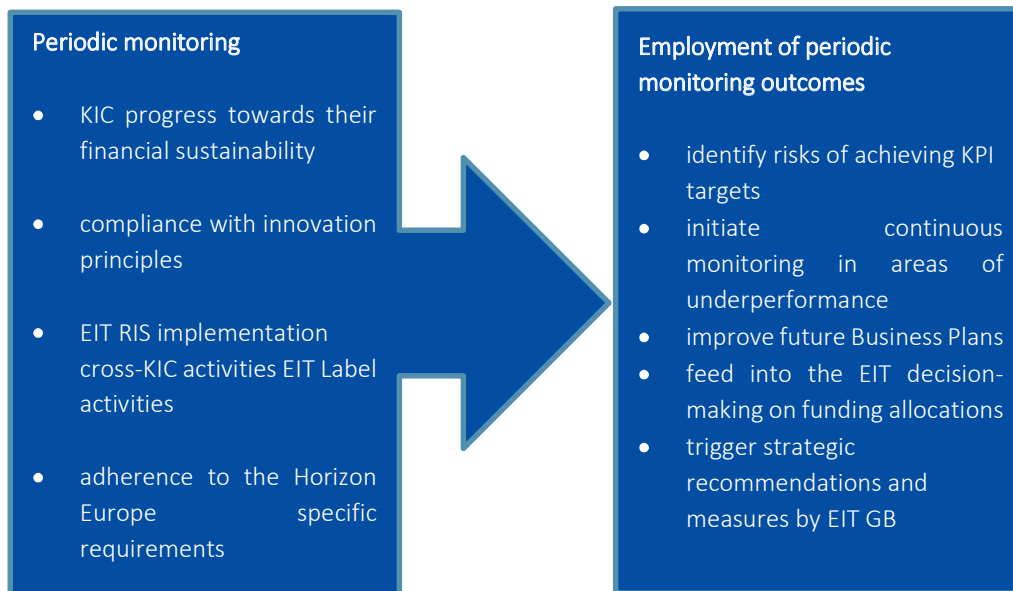


Figure 3: Periodic monitoring: scope and use of outcomes

3.1.2 CONTINUOUS MONITORING

Pursuant to the GB decision on the principles for financing, monitoring and evaluating KIC activities, the EIT shall continuously monitor the KICs' performance to ensure compliance with sound management, good governance, monitoring and evaluation principles set in the EIT Regulation, the principles and criteria set for European Partnerships in the Horizon Europe Regulation and relevant requirements stemming from Horizon Europe priorities and indicators in order to maximise their performance and impact. Furthermore, the continuous monitoring will ensure KICs implement appropriate processes for developing and managing impact-oriented Business Plans, adopt highly effective quality control measures and set up a robust monitoring system towards their beneficiaries implementing the projects.

The continuous monitoring may encompass the following dimensions:

1. **KIC's decision making mechanism and related processes on selecting the most impactful projects** which are compliant with the EIT principles (innovation, FS principles etc.) for the multi-annual Business Plans including **monitoring of respective KIC calls**
2. **KIC's designing, management, monitoring and controlling of their portfolios of activity and KIC partnerships.**
3. **KICs' progress towards achieving their multi-annual strategic objectives, including for financial sustainability, as well as compliance with the principles of openness and transparency** (incl. openness and transparency of the KIC calls, selection of start-ups/scale-ups for KIC support)
4. Areas where **risks of failure to achieve core KPIs or underperformance** were identified through the periodic reporting and other KIC monitoring and evaluations
5. Implementation of the **EIT GB strategic recommendations and other preventive/corrective measures**
6. **Horizontal aspects:** compliance with relevant EIT policies and principles such as
 - good governance principles
 - human resource and procurement policies
 - EIT and EU co-branding

7. Cross-cutting aspects:

- implementation of the (pilot) Higher Education Institutions Capacity Building Initiative
- other EIT pilot or ad-hoc initiatives (e.g. activities under the EIT-EIC MoU)
- EIT Label and education activities
- EIT Alumni

The **first five dimensions above will be prioritised** for all KICs for continuous monitoring in the period 2022 – 2027. The first two are critical for the appropriate implementation of the new operational model and respectively the higher responsibility of the KICs in selecting projects for their multi-annual Business Plans and in ensuring full compliance with the EIT policies and principles. Similarly, the EIT SIA emphasises the importance of the KIC openness and transparency which require close monitoring from the EIT side. Addressing, in a timely manner, areas of underperformance signalled through the KIC periodic reporting and the GB strategic recommendations is instrumental for ensuring high performance and achieving KICs objectives for impact and financial sustainability. These five dimensions will be therefore considered as part of all annual plans for continuous monitoring.

In addition, each of the horizontal and cross-cutting aspects must be monitored **at least once for each KIC in the period of 2022 – 2027**. The frequency will depend on the following factors:

- adopted EIT monitoring procedures such as the continuous monitoring of the EIT Label and education activities as per the EIT Label Handbook¹², HEI CBI monitoring framework¹³; the RIS Implementation Framework (2022-2027)¹⁴ and the File note on its monitoring and evaluating
- monitoring required of pilot, ad-hoc and new initiatives
- indications or risks of incompliance with EIT/Horizon Europe policies or principles identified for a specific KIC (i.e. Compliance with Good Governance policies and procedures, human resource and procurement policies, EIT and EU co-branding should be a subject of continuous monitoring at least twice in the period 2022 – 2027 for all KICs or more frequent for specific KICs where risks of incompliance have been identified)
- upon request by the EIT GB

The monitoring of the horizontal and cross-cutting aspects may not need to take place in the same year for all KICs. Some of these aspects will be monitored as part of the periodic monitoring. As outlined above, the outcomes of the periodic reports may identify areas requiring subsequent continuous monitoring for a specific KIC.

HEI CBI Monitoring

In 2021 the EIT has launched together with KICs pilot phase of **Higher Education Institutions Capacity Building Initiative**. The EIT Governing Board shall decide in 2023 on continuation of the initiative beyond its pilot phase (beyond 2023). Throughout the pilot phase and if continued also beyond, the EIT and participating KICs shall monitor implementation aspects of the particular projects and progress towards achieving strategic objectives of the initiative. The role of the EIT is monitoring strategic aspect in connection to the objectives of the initiative as well as KICs operational capacity and alignment with the Business Plans proposal, whereas KICs shall monitor implementation of the particular projects (performance and compliance with relevant regulation).

Cross-KIC monitoring

Cross-KIC activities are aimed at enhancing the cooperation and synergies between KICs, fostering a more interdisciplinary approach and creating a critical mass among KICs to tackle topics of common interest. The EIT Regulation

¹² <https://eit.europa.eu/library/eit-label-handbook-2021>

¹³ currently under development as part of the cross-KIC project on HEI CBI

¹⁴ https://eit.europa.eu/sites/default/files/eit_ris_implementation_framework_2022-2027.docx_.pdf

tasks the EIT to take an active part in defining the content and structure of the cross-KIC activities. It also imposes an obligation on monitoring of cross-KIC activities implementation as well as results achieved, with the aim of making those activities an integral part of the KICs' multi-annual strategies.

The implementation of the cross-KIC activities will be continuously monitored. Apart from the specifically developed assessment scheme for the cross-KIC proposals and reports, the cross-KIC activities will be closely monitored by the EIT officers. The EIT officers as members of the Steering Committees of cross-KIC clusters will oversee the implementation of all cross-KIC clusters. When necessary, additional monitoring modalities will be employed at the level of activities (Work Packages) and for thematic innovations cross-KIC activities, including periodic monitoring calls with the activity leaders for the strategic activities at least on a bi-monthly basis. Additionally, the implementation progress of the strategic cross-KIC activities should be reported periodically to the EIT – KICs Forum and the EIT Governing Board (at least once a year). In case of a justified need or on a request from the EIT Management, the EIT Governing Board or the EIT-KICs Forum, additional monitoring activities can be conducted (monitoring supported by independent external experts, periodic reporting to the EIT Management, reporting to the EIT Governing Board, etc.).

The annual plan for continuous monitoring should be approved by the EIT Director in the last quarter of the year proceeding the year of its implementation. Following the KIC hearings the EIT GB may also provide input into the EIT Monitoring and Evaluation Plan.

The continuous monitoring will be conducted by the EIT staff with the support of external experts when needed and can have different formats, such as:

- monitoring visits including GB Rapporteur visits
- participation in KIC portfolio management meetings
- observation of project selection processes, including selection committees
- documents reviews and desk checks
- data gathering through interviews, relevant IT tools and reporting
- organising EIT thematic panel meetings
- monitoring of KIC calls for projects and activities
- reviewing KIC monitoring processes to ensure effective and reliable monitoring system is established by the KICs with the view of the partners' project implementation and a mechanism is in place to evaluate high potential as well as provisions to re-orient or terminate underperforming activities (with regular 'go'/'no go' decision points, including a payment system linked to milestone achievements)
- participation in KIC monitoring activities of partners' implementation of projects including regular risk assessment and mitigation measures
- risk-based monitoring of a sample of KIC activities, projects and processes, e.g. cost of the project, complexity, negative information received, significant underperformance on KPIs.

The continuous monitoring results will be used to:

- **feed into the EIT decision-making on performance-based funding** of the KICs' activities and the preparation of grant agreements with the KICs
- trigger **strategic recommendations** by EIT GB to the KICs for the subsequent period taking into consideration the KIC multiannual performance at result and impact level and respectively **monitor the implementation of these recommendations** at the EIT level, provide the necessary incentives and control
- **trigger strategic measures** to prevent underperformance in line with the Supervision Framework of KICs

The annual continuous monitoring activities should be completed, as much as possible, by quarter four of the same year to allow the outcomes and findings of the monitoring feed into the EIT GB Hearings with KICs.

3.1.3 REINFORCED MONITORING

As a basis for the monitoring and evaluation of the KICs, besides the periodic reports on the KIC Business Plans, the Partnership Agreements of the EIT with KICs provide for annual progress reports on the implementation of the KIC Strategic Agenda upon request by the EIT. Furthermore, at the request of the EIT in justified situations (e.g. a risk of a negative impact on the strategic priorities of the EIT and the KICs is being identified), the Partnership Agreements foresee the possibility of reinforced monitoring measures, such as access to governance bodies (with observer status), regular progress meetings and enhanced activity reporting.

In accordance with the EIT GB - Supervision Framework of the KICs, in case the activities or the operational model of the KIC raises questions, the EIT may carry out reinforced monitoring, which may also include expert assessment or legal analysis. Furthermore, the GB itself may initiate reinforced monitoring and participate in the evaluation and monitoring of the KICs with the help of the GB Rapporteur visit or the assignment of a dedicated observer to the KIC.

In case of scope for strategic guidance or lack of alignment with the strategic directions of the EIT, the EIT GB may issue strategic recommendations as a result of the KIC hearings in the grant allocation process.

In addition, in line with the EIT GB – Supervision Framework for the KICs, the EIT will conduct reinforced monitoring as follows:

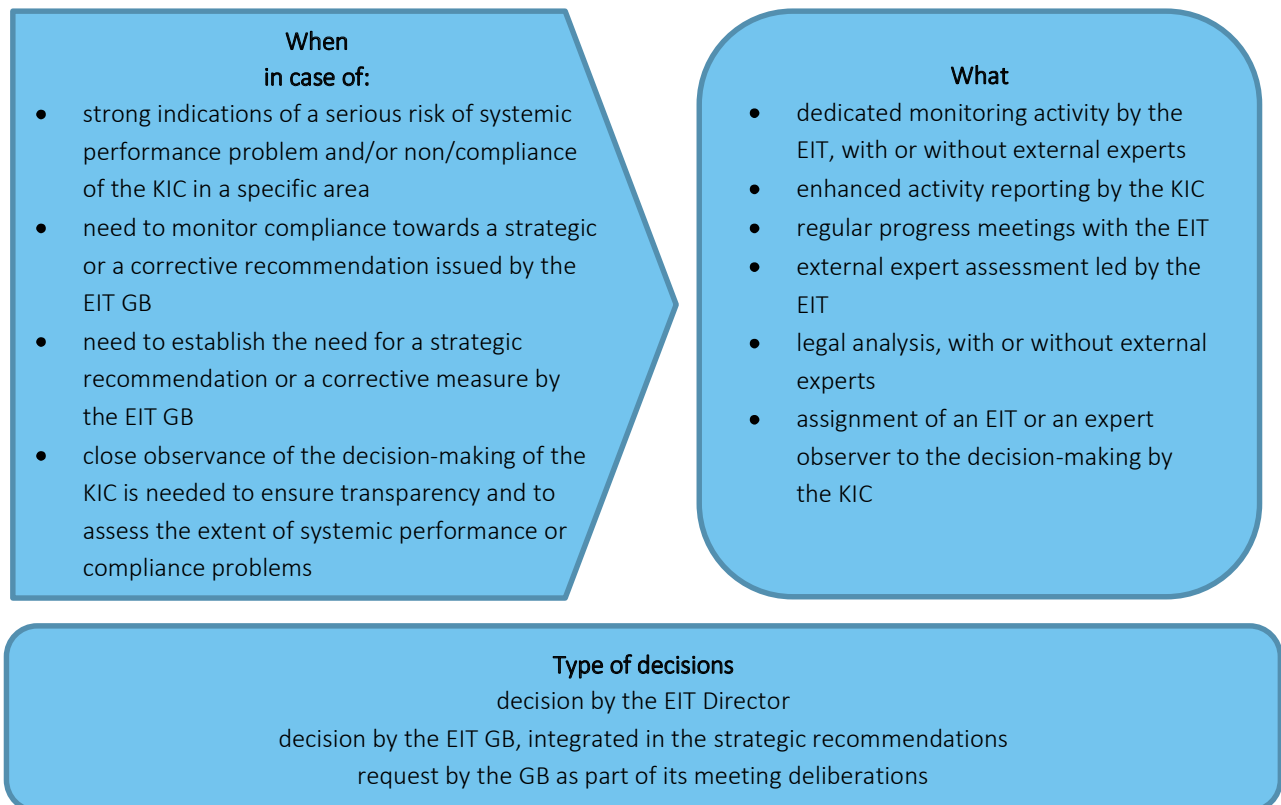


Figure 4: Reinforced monitoring by the EIT

Similarly, **reinforced monitoring by the GB** through a GB Rapporteur visit or assignment of a GB member as observer to the highest decision-making bodies of the KIC will take place in case:

- strong indications exist of a serious risk of systemic performance problem and/or non/compliance of the KIC in a specific area, and as a follow-up to reinforced monitoring by the EIT
- as a follow-up to reinforced monitoring by the EIT, in case the risk of systemic performance problem and/or non-compliance of the KIC in a specific area persists
- a close observance of the decision-making of the KIC is needed at the highest level in order to ensure transparency and to assess the extent of serious performance or compliance problems.

3.1.4 EVALUATIONS

The robust data collected through monitoring as well as the reports and findings of the monitoring (periodic, continuous and reinforced) will feed into KIC evaluations and, vice versa, the evaluations will identify areas for improvement which will require subsequent monitoring. The process will be two-fold: the monitoring reports will be an important input to the desk research conducted during the evaluations, as well as the monitoring results will inform when ad-hoc in-depth assessments are needed in specific critical areas of underperformance or major issues.

The KIC comprehensive assessments, interim and final reviews will be conducted by the EIT with the support of independent external experts. The EIT should ensure high quality of the experts' work including their reports on the evaluation's outcomes.

A methodology for the KIC 7-year comprehensive assessments has already been adopted by EIT Governing Board. Further on, methodologies for the 3-year interim and the KIC final reviews will be devised and adopted by the EIT GB. The lessons learned and relevant recommendations from previous EIT and KIC evaluations will be incorporated and taken into account in the methodologies so as to improve the evaluation process and capitalise on experience and learning. These methodologies will be fully aligned with the EIT legislation, the Horizon Europe legislation and monitoring and evaluation framework. The methodologies particularly of the KICs interim reviews, comprehensive assessments and final reviews should encompass all the evaluation criteria listed in chapter 2.4 above.

On the basis of continuous monitoring of the KICs, the EIT shall, under the supervision of the GB, conduct **interim reviews** of the performance and activities of the KICs covering the first three years of the partnership agreement. In the case of an extension of the partnership agreement, the EIT shall conduct such interim reviews covering the first three years following its extension. While the second 3-year interim review will take place in the year 11-12 of the KIC (i.e., year 3-4 of the 2nd partnership agreement), it should not duplicate the preceding 7-year comprehensive assessment or the upcoming 15-year final review in terms of thoroughly assessing the impact of the KICs one more time. The second 3-year interim review should, therefore, again provide a "lighter" assessment of the KICs in terms of mainly periodic general EIT Impact Framework indicators.

The **interim reviews** of KICs will build mainly on the achievements of KICs in terms of the **periodic EIT KPIs** (quantitative short to medium-term KPIs included in the EIT Impact Framework). Additional assessment indicators will be used to formulate evidence for criteria only where evidence is not provided by the EIT Impact Framework indicators. Thus, these reviews will be mainly performed through desk research based on relevant documents including monitoring reports, multi-annual dashboard incl. KPI reports, periodic KIC reports, EIT GB strategic recommendations issued during the period under review. Only if needed, analysis of the quantitative periodic KPIs and the insights stemming from the documentary

analysis will be complemented with few interviews. However, the full assessment in terms of effectiveness, efficiency, relevance, coherence and EU added value will not yet be possible after 3 years of operation, nor it would be sensible to duplicate the assessment of effectiveness and impact that will be conducted during the 7-year assessments and final reviews.

On the other hand, as part of the **KIC comprehensive assessment** and **final reviews** three main assessment methods will be used by the independent evaluators to judge whether the achievements of the KICs were sufficient in order to receive a positive evaluation outcome, which would allow them to extend the partnership agreements with the EIT:

- desk research: analysis of monitoring information and review of the relevant documents and studies
- interviews with the KICs management and partners
- surveys with KIC partners, KIC-supported start-ups and scale-ups, and KIC graduates and participants in executive/ professional and other training courses

Judgments if the KICs perform well in terms of the evaluation criteria will build substantially on the values of the EIT Impact Framework indicators, but the analysis will be also complemented with other evidence stemming from the desk research, interviews and surveys. The final judgment on whether KICs perform well in terms of evaluation criteria will also draw substantially on the expert assessment of the collected evidence and expert judgments.

There will be a maximum number of points set that KICs will be able to receive for their achievements under each of the nine evaluation criteria (see chapter 2.4). The scales will be developed on how to award the number of points for each criterion. There will be a threshold defined regarding the minimum number of points, which KICs will need to obtain in order to pass the evaluation with the positive outcome. In total, KICs will be able to receive 100 evaluation points, while 60 will be a global threshold they will need to pass in order to be able to receive a positive outcome of the evaluation.

Year	3-year interim review	7-year comprehensive assessment	3-year interim review	Final review	Other reviews/assessments
2021/2022		EIT Health EIT Raw Material			
2023	EIT Urban Mobility EIT Manufacturing (early 2023 so that to feed the outcomes into the 2024 cycle)	EIT Food		EIT Digital EIT InnoEnergy EIT Climate-KIC	HEI CBI pilot evaluation
2024		EIT Food (cont.)		EIT Digital EIT InnoEnergy EIT Climate-KIC	EIT RIS interim evaluation
2025		EIT Urban Mobility EIT Manufacturing			
2026		EIT Urban Mobility (cont.)	EIT Health EIT Raw Material		

		EIT Manufacturing (cont.)			
2027	EIT CCSI (early 2027 to feed into the post-2027 negotiations)				

Table 2 Timeline of the KIC periodic reviews and assessments

Monitoring and evaluation actions should be designed and carried out on a **sample basis**, wherever appropriate, in order to avoid excessive and unnecessary burden on KIC operations. They should be planned according to the importance of the findings with respect to the overall objectives, the purpose of the monitoring action, the population and scale and scope of the information to be monitored, and where appropriate the sample size and selection process. Samples can be determined by size and percentage of total finance involved and/or related to evidence from each knowledge triangle area – students, EIT Label graduates, training programmes, start-ups, investors, revenue items.

3.2 DATA USED IN MONITORING AND EVALUATIONS

The reporting and monitoring system for KICs shall be built into the overall Horizon Europe monitoring system, in particular by implementing common data models and storing the data collected in a Horizon Europe common database. The mechanism for data collection and assessment will be based on the EIT Impact Framework, the methodology for its implementation, the Horizon Europe data model and HE proposal and reporting templates. Data will be collected, analysed and monitored for each level in the Horizon Europe Key Impact Pathways (as reflected in the EIT Impact Framework, i.e. economic/technological and societal pathways) to allow monitoring and assessing the contribution of the KIC activities to the planned systemic changes, i.e. data for outputs, then for short to medium-term results.

The data collection approaches and tools, responsibility matrix and guidelines for their use are outlined in the EIT Methodology for the Impact Framework implementation, particularly “Data collection approaches, tools and guidelines for their use”. This internal document also integrates guidelines for KICs with respect to the EIT’s monitoring and review processes, and in particular on gathering data for periodic KPIs. The following **data collection approaches and tools** will be employed:

- periodic monitoring: gathering data from KICs via the KIC IT tool and Horizon Europe periodic reporting templates against the periodic KPIs in the EIT Impact Framework
- continuous monitoring: gathering data from KICs via the KIC IT tool based on the data needs established in the EIT data model
- sourcing data from external databases,
- survey of KIC partners, KIC-supported ventures and EIT alumni / graduates
- utilising big data
- counterfactual analysis
- econometric modelling

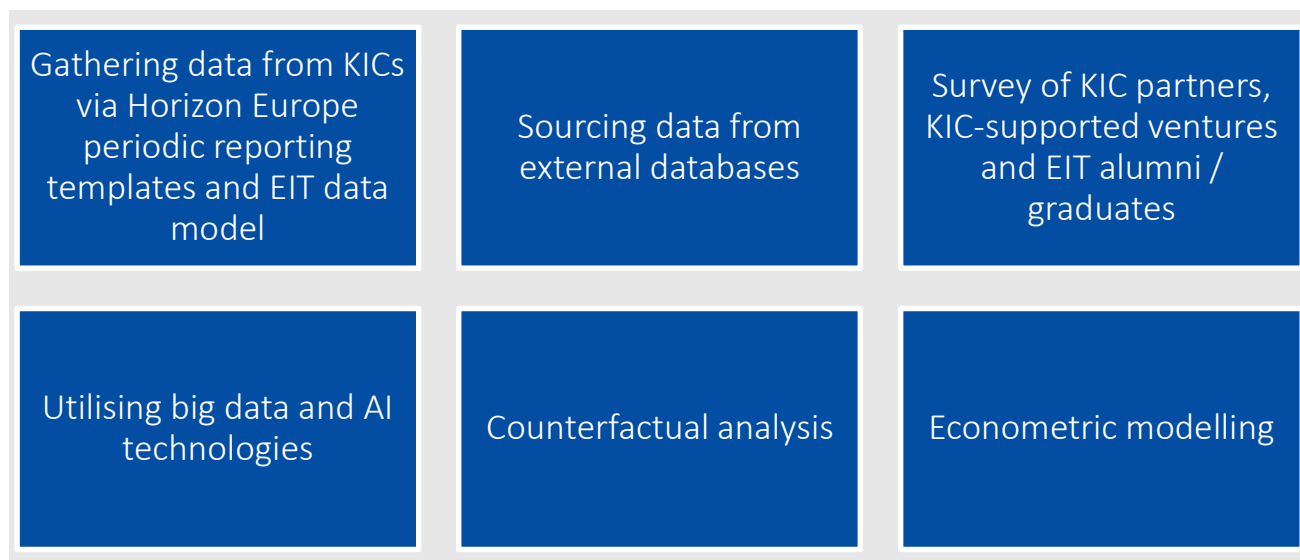


Figure 5: Data collection and analysis approaches and tools

For more details on the data collection methods, please, refer to Annex 1.

EIT Dashboard

The high-level results of the monitoring and evaluation will be captured in the EIT Dashboard. It is extensive and uses detailed narrative to describe the status of KICs. It will be extended with a synoptic scorecard using RAG colour coding (Red, Amber, Green) aligned with a standardised risk escalation mode to provide a summary tool for regular reporting and for EIT GB and senior management decision making. Such a synoptic scorecard will be used by the EIT GB and all stakeholders to see 'at a glance' the status of each KIC and visualise patterns in the categories of economic and societal impacts. Individual Dashboard items can be extracted with their RAG rating and used as appropriate for KIC discussions and reporting. Such a synoptic scorecard focuses on priorities for attention most specifically for risk and performance management.

Examples of the highest risks and thus the priority for monitoring include:

- failure of KICs to maximise their contribution to the EIT objectives, specifically to achieve their impact pathway targets incl. the periodic and the impact KPI targets in the KIC Strategic Agendas
- failure to achieve financial sustainability
- risk of legal challenge (governance, openness, transparency etc.)
- failure to contribute to a reduction in EU regional disparities in innovation

3.3 ROLES AND RESPONSIBILITIES FOR IMPLEMENTATION OF THE STRATEGY

EIT Governing Board

The EIT legislation makes the EIT Governing Board (GB) responsible for steering and monitoring the activities of the EIT, for the selection, designation, financing, monitoring and evaluation of the KICs, including taking appropriate corrective measures in the event of KIC underperformance and other strategic decisions.¹⁵

The EIT GB will provide feedback and strategic recommendations, issue other preventive or corrective measures to the KICs for the subsequent period taking into consideration the KICs' multiannual performance at result and impact level as well as the supervision, monitoring reports and the KICs evaluations. It will monitor the implementation of these recommendations and measures at the EIT level, and will provide the necessary incentives and control, including through the performance-based funding allocation process, to ensure that the KICs implement them. Similarly, as outlined above it will be taking appropriate corrective measures with respect to underperforming KICs, including corrective recommendations, the reduction, modification or withdrawal of the EIT's financial contribution to those KICs or the suspension or termination of the partnership agreements with them, based on the monitoring and the assessment of results, in accordance with the objectives of the EIT and the KICs. The GB may also appoint a Rapporteur to follow the implementation of the respective intervention measures.

EIT

The reporting and monitoring of the KICs operational performance, including their administrative expenditure and their results will be a primary task of the EIT. The EIT will continuously monitor the KICs' performance to ensure compliance with sound financial management, good governance, monitoring and evaluation principles set in the EIT Regulation, as well as the principles and criteria set out for European Partnerships in the Horizon Europe Regulation and alignment with the requirements stemming from Horizon Europe priorities and indicators in order to maximise their performance and impact, based on a long-term collaboration strategy between the EIT and KICs. In order to ensure predictability and comparability, the EIT will issue guidelines describing the expected structure, scope and level of information of the KIC multi-annual Business Plans and KIC Periodic Reports; the guidelines will be adapted to incorporate lessons learnt and with the aim of simplification.

The EIT Director will be in charge of monitoring the implementation of the intervention measures adopted by the GB. The EIT Director will maintain a register of intervention measures and keep it up to date and accessible to the GB. The GB shall be regularly informed of the status of implementation of the intervention measures, at least on an annual basis, prior to the KIC hearings in the grant allocation process. The Director will also approve the annual monitoring plans, the supervision/monitoring reports and KIC evaluation reports.

The main mechanism for implementing the Monitoring and Evaluation Strategy will be through 3-year rolling Monitoring and Evaluation Plans starting in the 2023-2025 cycle, which the EIT will devise and implement in line with the cycle of multi-annual KIC Business Plans. In the EIT new operational model under multi-annual grants, the importance of monitoring and evaluation will be strengthened, as this will provide assurance to the Authorising Officer on the proper implementation of grant agreements and achievement of objectives. It is estimated that 10 FTE from across the EIT units are required to work on implementing the Monitoring and Evaluation Strategy. The Monitoring and Evaluation Plans will specify further the resources needed and responsible officers.

KICs

The effective implementation of the EIT Monitoring and Evaluation Strategy requires a close cooperation of the EIT with the KICs and a robust KIC's monitoring systems as a basis. The following principles must be included in the KIC's processes as outlined in the GB Decision on the principles for financing, monitoring and evaluating KIC activities, namely:

¹⁵ Regulation (EU) 2021/819 of the European Parliament and of the Council of 20 May 2021 on the European Institute of Innovation and Technology (recast), Article 5 (1)

- The KICs must set up and implement an effective monitoring system to report on continuous basis on the inputs, activities, outputs and results, in line with the approved KIC Business Plans and the overall intervention logic outlined in the KIC Strategic Agenda, EIT Impact Framework, and other aspects of the EIT KIC model (such as progress towards financial sustainability, KIC Partnership, KIC administrative and management costs).
- The KICs must put in place a process in order to evaluate high potential activity outcomes and to flag underperforming activities so as to take corrective measures, in particular the KICs must ensure the following standards for monitoring and reporting of recipients:
 - systematic monitoring and review of the supported activities (e.g. staff management, procurement, financial management, quality control, distribution and provision of support to final recipients, etc.), in the format and timing specified by the EIT
 - regular monitoring of partners' implementation of projects included in the KIC Business Plans approved by EIT incl. regular risk assessment and mitigation measures
 - effective and reliable monitoring and reporting of the supported activities (including monitoring data against the EIT Impact Framework KPIs, progress towards financial sustainability, KIC partnership, legality and regularity of the expenditure claimed, etc.), in the format and timing specified by the EIT
 - provisions for re-orienting or stopping underperforming activities (with regular 'go'/'no go' decision points, including a payment system linked to milestone achievements)
 - a mechanism to evaluate high potential project outcomes and fast track them towards further investment and rapid development
- Together with the EIT, the KICs must ensure that detailed information arising from their monitoring and evaluation processes is made available in a timely manner and is accessible in a common e-database on Horizon Europe implementation.
- The KICs must, in particular, provide any information requested in order to verify the proper implementation of the KIC Strategic Agenda, KIC Business Plans and compliance with the other obligations under the Partnership Agreement.
- At the request of the EIT in justified situations, the KICs must allow for reinforced monitoring measures, such as access to governance bodies (with observer status), regular progress meetings and enhanced activity reporting, thus allowing for a reinforced monitoring.

4. REFERENCED DOCUMENTS

Regulation (EU) 2021/819 of 20 May 2021 on the EIT (recast); OJ of the EU L 189/61 28.5.2021

Decision (EU) 2021/820 Strategic Innovation Agenda of the EIT 2021-2027: Boosting the Innovation Talent and Capacity of Europe; OJ of the EU L 189/91 of 28.05.2021

EIT GB adopted Principles for financing, monitoring and evaluating Knowledge and Innovation Community (KIC) activities:

https://eit.europa.eu/sites/default/files/2021-14_20210507-gbwp_principles_on_fin_mon_eval_kics_activities_to_gb_dml_eit.pdf

Horizon Europe Programme Guide: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/programme-guide_horizon_en.pdf

Decision 42/2021 of the Governing Board of the European Institute of Innovation and Technology of the Supervision Framework of the Knowledge and Innovation Communities, Ref. Ares(2021)7384565 - 30/11/2021

Decision 11/2021 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the adoption of the new EIT Label Framework on 17 March 2021, Ares(2021)1930763

EIT Regional Innovation Scheme Implementation Framework 2022-2027:

https://eit.europa.eu/sites/default/files/eit_ris_implementation_framework_2022-2027.docx .pdf

EIT Label Handbook: Regional <https://eit.europa.eu/library/eit-label-handbook-2021>

Annex 1 – Data collection methods

The main dichotomy characterising the data collection approaches and tools is that:

- **The periodic KPIs** in the EIT Impact Framework (mainly short and some medium-term KPIs) will be measured periodically together with the Horizon Europe periodic reporting templates
- **The non-periodic indicators** in the EIT Impact Framework (medium and long-term/impact KPIs) will be measured at less frequent, during the KIC 3, 7 and 15-year reviews and assessments or other KIC or thematic evaluations (see chapter 2.3)

Data on the periodic KPIs will be provided by KICs through completing the periodic Horizon Europe monitoring templates. The remaining, i.e. non-periodic KPIs, (mainly to assess medium- to long-term impacts) will be measured through other data collection approaches, such as surveys, interviews, sourcing data from external databases, applying counterfactual analysis, econometric modelling and / or utilising big data and AI technologies. A detailed description of the data collection and analysis approaches themselves, as well as detailed tables explaining data collection and analysis for each indicator are provided in the EIT internal document “Data collection approaches, tools and guidelines for their use”.

Periodic KPI data reporting

The majority of the periodic KPI data will be delivered to EIT by KICs by completing the HE periodic reporting templates. Most of this information will be gathered through EIT-dedicated part of the HE periodic templates (Part B), while the values of some indicators will be measured through completing the general parts of HE periodic templates. Before being able to insert information into HE periodic reporting templates, KICs will have to gather the required information from their beneficiaries and produce some of the information by themselves.

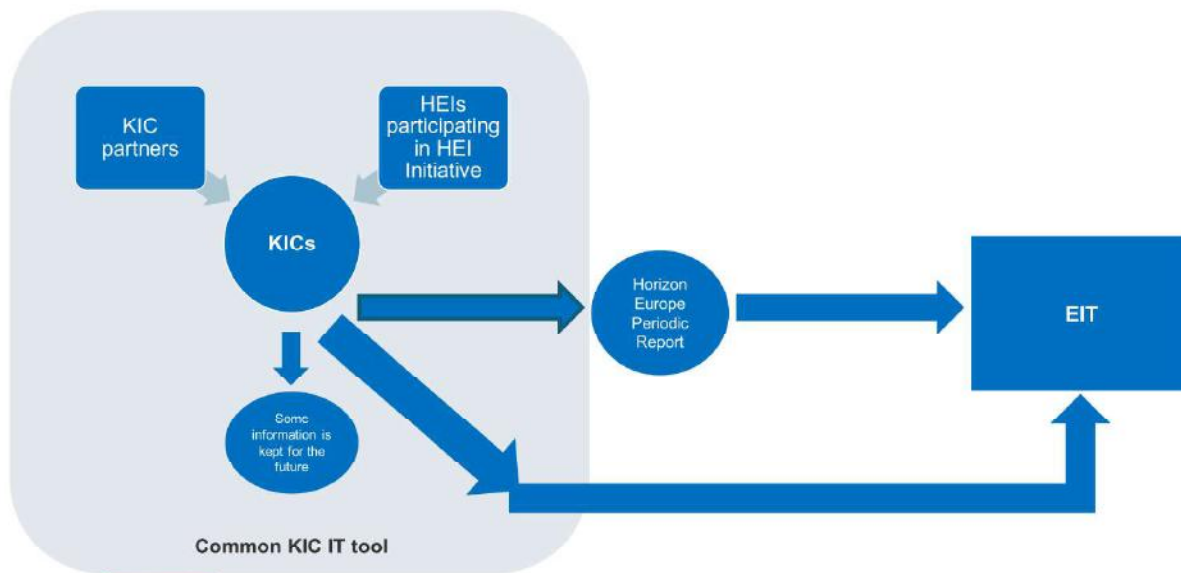


Figure 6: Periodic KPI data collection at a glance

To summarise, periodic monitoring of the KICs’ results according to the EIT Impact Framework would work as follows:

1. **KICs will gather relevant periodic data from their “beneficiaries”** (KIC partners, HEIs participating in HEI CBI) through the standardised data collection templates embedded in the common IT tool.
2. The central management team of the KIC will summarise and clean the collected data, will add some information available only at the central management level, and will **insert the generalised information into Horizon Europe periodic monitoring templates.**

For the purposes of data collection and reporting the EIT and the KICs will use the Horizon Europe dedicated platform (eGrant and CORDA) through which the KICs will submit their Business Plans and periodic reports including required data in agreed format and templates. Thus, all the essential and additional data the EIT intends the KICs to collect will meet the standards of Horizon Europe with respect to transparency and openness. Furthermore, to ensure the EIT’s full integration to the Horizon Europe legal and operational framework and considering the transition to the portfolio and cascading model, a common IT tool for data collection from partners and reporting to the Horizon Europe platform will be used across all the KICs. The EIT will have access to the tool in order to continuously review and monitor data.

Medium and long-term/impact KPI data collection

Surveys

In order to gather information on long-term results and impacts (after 3, 7 and 15 years; but possibly more often), surveys will be implemented addressing the key stakeholders and beneficiaries involved in the work of EIT KICs. Applying the survey method for this assignment is very sensible and appropriate, as the majority of potential respondents will be direct beneficiaries of the KICs, or stakeholders closely involved with the EIT. In such case, surveying fatigue and reluctance to answer should be limited, since the potential respondents will have a clear link to EIT activities and therefore an incentive to reply. In this particular case, survey should be prioritised against web scraping and (big) data analysis, since web scraping is more relevant when the population of those, who need to be analysed is unknown or blurred, and when making generalisations from a huge amount of data is needed (and the lower precision and validity is acceptable). In this case, as the population of beneficiaries and stakeholders is rather defined, higher validity can be achieved with survey data.

The data gathering survey will focus on gathering (mainly factual) information through the targeted surveys with 3 types of EIT beneficiaries and stakeholders:

- KIC partners
- companies supported by KICs (start-ups / scale-ups)
- EIT alumni / graduates

The surveys will be implemented centrally by the EIT at the time of the KIC 3-, 7- and 15-year reviews, other evaluations or impact study. Templates for the surveys have been developed as part of the Methodology for the EIT Impact Framework implementation for each of the target groups. The three survey questionnaires will gather data on the following EIT Impact Framework indicators:

- EIT Label graduates employed
- students and graduates from EIT labelled MSc and PhD programmes who joined start-ups
- start-ups created by students enrolled and graduates from EIT-labelled MSc and PhD programmes
- new jobs created in start-ups / scale-ups
- number and type of jobs in existing businesses in KIC sector sustained through innovations
- number and type of skill gaps and/or skill shortages filled by KIC sector
- visible innovation ecosystems not previously in existence

Network analysis, utilising big data and AI technologies, web scraping

Some of the survey questions will be complemented by a network analysis as a method of analysis that focuses on the patterns of relationships between organisations (or any other actors) in a certain field. Based on the data collected through the survey, the relationships between organisations will be analysed through a specialised network analysis software in order to provide insight into the patterns of interactions and their effects and assess the existence of innovation and business ecosystems.

To limit the amount of data required to be generated and reported by KICs directly and, where this is possible, web scraping, big data and AI technologies will be used in line with the developed Methodology for the EIT Impact Framework implementation.

Sourcing data from external databases

In the context of the EIT Impact Framework, data from external databases will be gathered for two purposes:

- Bureau van Dijk Orbis database will be used to extract information on KPIs related to **economic impact** such as the number of employees and revenue of ventures supported by KICs, number and revenue of start-ups and scale-ups supported by KICs trading 3 years after KIC support ceased, jobs created in start-ups / scale-ups, impact on employment growth as a result of company being engaged with KICs, and to construct a control group of companies to which KIC-supported companies could be compared
- other databases (including Eurostat, OECD, UN, JRC databases, Digital Economy and Societal Index, European Skills, Competences, Qualifications and Occupations database, CEDEFOP Skills Panorama and other statistics, European Innovation Scoreboard) will be used mainly to calculate some of the **KICs societal impact indicators**

Counterfactual analysis

To rigorously measure the economic impact of EIT (specifically the contribution to revenue growth of organisations trading or employing innovations developed with the KIC support and impact on employment growth as a result of company being engaged with KICs), a counterfactual analysis (test-control groups) could be applied. Essentially, the analysis will show whether KIC supported ventures grew faster than similar businesses (not supported by KICs) in terms of revenue and the number of employees.

Econometric modelling

Similarly, using the macro-econometric model NEMESIS (or a similar one) can be employed to measure the values of the economic impact indicators related to revenue growth, number and type of jobs created in start-ups and scale-ups.