Ref. Ares(2021)1440959 - 23/02/2021

European Institute of Innovation & Technology

The EIT is a body of the European Union

Invitation to submit

2021 KIC Business Plans including estimated budgets

Version 2.0 – FINAL

Date: February 2021

1 Introduction

As of 2021, the EIT is part of the Horizon Europe Framework Programme for Research and Innovation[1] and the new financial framework (i.e. EU Multiannual Financial Framework 2021-2027, MFF). The new specific legal framework (i.e. EIT Regulation (recast)[2], Strategic Innovation Agenda 2021-2027[3]) has reached a political agreement in the respective legislative procedures, therefore the texts are considered "stable" and can be the basis for the launch of the 2021 Invitation to submit Business Plans. The EIT attempted to incorporate the necessary changes in this Invitation and in the 2021 Business Plan Guidelines provisions, as they are available at the time of the official launch of this invitation.

The 2021 grants shall follow the new legal framework and the new agreement models (EIT Partnership Agreement (PA) and HE Model Grant Agreement (GA)), with some specific transition measures for 2021. The pre-condition for the signature of the 2021 Grant Agreements is the signature of the Partnership Agreements which will repeal the Framework Partnership Agreements with retroactive effect of 1 January 2021, and the publication of the EIT Regulation (recast) and Strategic Innovation Agenda 2021-2027 in the Official Journal.

The main conditions of the grant award process are defined in this Invitation and the 2021 Business Plan Guidelines. The KICs shall submit the 2021 Business Plans and the estimated budgets **in accordance with the conditions laid down in the present Invitation and should be aligned with the Business Plan Guidelines.**

The 2021 EIT financial contribution to the KICs will be determined based on the criteria and processes, as described below, and in line with the following decisions of the EIT Governing Board (GB):

- Decision 1/2021 of the EIT Governing Board on the adoption of the EIT Budget and Establishment Plan for the financial year 2021,
- Decision 06/2021 of the EIT Governing Board on the adoption of the Final Single Programming Document (2021-2023),
- Decision 07/2021 of the EIT Governing Board on the principles for the determination of the 2021 EIT financial allocation.

In order to ensure that the significant delay in the adoption of the new legal framework does not result in an interruption of the KIC activities, **retroactive eligibility from 1 January 2021** is allowed by the EIT's financing decision (i.e. the 2021 Annual Work Programme, incorporated in the Final Single Programming Document 2021-2023), the if other conditions for eligibility are met.

[1] Version of 18 December 2020, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held on 18 December 2020 (14239/20)
[2] Version of 12 February 2021, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held on 17 February 2021 (6062/21)
[3] Version of 12 February 2021, as endorsed by the Permanent Representatives Committee (COREPER) at its meeting held on 17 February 2021 (6066/21)

In accordance with the new legal framework, the criteria for the EIT grant allocation are significantly modified as compared to the past year. The funding allocation criteria are primarily **performance-based**, without a pre-defined support funding element.

KICs will continue to **implement the EIT Regional Innovation Scheme (RIS) individually and Cross-KIC collaboration and shared services jointly**.

EIT funding is provided in line with the maturity of KICs and **co-financing requirements** aligned with the EIT SIA 2021-2027.

Additionally, in accordance with Chapter 3.6.2 of the EIT SIA 2021-2027, some KIC 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 the new action supporting the entrepreneurial and innovation capacity of the higher education sector. In line with this, it is proposed that together with the 2021 funding allocation decision, the EIT Governing Board will take a decision that the EIT RIS activities, Cross-KIC activities and shared services, and the pilot for the new action aimed at increasing the entrepreneurial and innovative capacities of Higher Education Institutions will be implemented in 2021 at a funding rate up to 100%.

More details on the eligible entities, eligible activities, evaluation criteria and the allocation process can be found below.

2 Indicative timetable and available budget

Timetable

The indicative timeline of the submission and evaluation procedure is the following:

Key dates	Date and time or indicative period
Draft Invitation to submit the draft 2021 Business Plan	28/07/2020
Submission of the draft Business Plan	30/09/2020
Hearings with the EIT Governing Board	25-26/11/2020
Communication concerning EIT GB Hearing Results - Strategic Recommendations	04/12/2020
Launch of Invitation to submit the 2021 Business Plans	**23/02/2021**
Deadline for Business Plan submission	**25/02/2021**
Funding allocation decision by EIT Governing Board and FA2021 Letters sent to the KICs	**Early March**
KICs to submit updated final Business Plan proposal	15/03/2021
KIC Business Plan approval and Grant award decision by EIT Director	March-April 2021
Signature of the 2021 Grant Agreements	**May 2021**
Pre-financing payment	**Within 30 days following the signature of the 2021 GA**

General remarks:

- The indicative timeline and the steps of the 2021 grant award process have been adapted as mitigating measures were necessary due to the significant delay in the adoption of the new HE and EIT legal framework.
- The 'Multi-annual strategy' criterion assessment was initiated with the GB Rapporteur visits to the KICs in July 2020 and was completed at the EIT GB Hearings.
- Other criteria than BP assessment are assessed in parallel, consolidated from KIC Report assessment and monitoring activities.

Budget and maximum amount for each KIC

For 2021, the EIT may award indicatively 358.4 MEUR to the eight KICs (without the contributions from third countries which will be associated to Horizon Europe), subject to the amount of available commitment appropriations in the 2021 EIT Budget, out of which:

- **32 MEUR** will be available to the KICs for Cross-KIC activities, including shared services and including **12 MEUR** to be dedicated to a new pilot to help develop the entrepreneurial and innovation capacity of HEI ('Cross-KIC Fund');
- The **remaining EIT budget** (the 'EIT KIC Fund') will be distributed between the four waves of KICs in accordance with the split indicated below. This includes the EIT RIS scheme as well.

For 2021, the KICs should allocate indicatively 10% of their budget to EIT RIS activities. Please note that the RIS Guidance Note 2018-2020 was extended and shall apply for the year 2021. Additionally, the KICs should ensure that partners established in EIT RIS countries are increasingly participating in KIC portfolio of activities moving towards the objective to integrate EIT RIS participants into the portfolio. EIT expects that by implementing the EIT RIS AREA and by integrating EIT RIS organisations, the KIC will achieve ambitious EIT RIS related EIT Core KPIs at portfolio level and geographical diversity.

Additional allocation in the course of 2021 will be possible if and when third countries have associated to Horizon Europe and their contributions are made available (the exact timing, exact amounts are still uncertain).

3 Admissibility and eligibility criteria

3.1 Admissibility

Business Plans must be submitted no later than the date indicated under chapter 2.

The Business Plans must be submitted electronically using the Duna IT platform:

https://duna.eit.europa.eu/businessplanning

The submission shall comply with the KIC Business Plan Guidelines, templates and standards available in the Duna IT platform. Failure to comply with this requirement may lead to the rejection of the Business Plan.

The Business Plans must be drafted in English.

3.2 Entities eligible for funding and eligible activities

Entities eligible for funding:

- The Business Plan shall be submitted by the KIC Legal Entity on behalf of the KIC partnership.
- In accordance with the Horizon Europe Work Programme 2021-2022[4], in order to be eligible for funding, the applicants must be established in one of the eligible countries, i.e.:
  - The Member States (MS) of the European Union (EU) including their outermost regions
  - The Overseas Countries and Territories (OCTs) linked to the Member States[5]
  - eligible non-EU countries:
    - Countries associated to Horizon Europe[6]

      At the date of the adoption of the EIT's work programme, there are no countries associated to Horizon Europe. Considering the Union's interest to retain, in principle, relations with the countries associated to Horizon 2020, most third countries associated to Horizon 2020 are expected to be associated to Horizon Europe with an intention to secure uninterrupted continuity between Horizon 2020 and Horizon Europe. In addition, other third countries can also become associated to Horizon Europe during the programme. For the purposes of the eligibility conditions, applicants established in Horizon 2020 Associated Countries or in other third countries negotiating association to Horizon Europe will be treated as entities established in an Associated Country, if the Horizon Europe association agreement with the third country concerned applies at the time of signature of the grant agreement.

    - Certain low and middle income countries[7]

[4] Final draft received from the Commission.
[5] Entities from Overseas Countries and Territories (OCT) are eligible for funding under the same conditions as entities from the Member States to which the OCT in question is linked. See the Horizon Europe Programme Guide for a complete list of OCTs.
[6] Please see the Horizon Europe Programme Guide on the Portal for up-to-date information on the current list of and the position for Associated Countries.

Legal entities, which are established in countries not listed above will be eligible for funding when their participation is considered essential for implementing the action by the EIT.

In case the association agreement is signed and becomes applicable with a specific country in the course of 2021 with retroactive effect from 1 January 2021, the status of the entity could be changed and the maximum grant amount increased via an amendment (subject to the provisions of the association agreement). Further guidance will be provided in line with the available information.

Accession of KIC Partners: KIC partners participating in the implementation of the 2021 Business Plan shall sign the Accession Form in order to accede to the 2021 Grant Agreement and ensure their eligibility. Linked third parties implementing 2021 Business Plan activities shall also be included in the 2021 Grant Agreement. Specific guidance will be provided to the KICs separately.

Eligible activities:

In line with Article 7(1) of the recast EIT Regulation, KICs will undertake in particular:

- innovation activities and investments with European added value, including facilitating the creation of innovative start-ups and the development of innovative businesses in complementarity with the EIC and InvestEU, fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;
- innovation-driven research, experimentation, prototyping, and demonstration in areas of key economic, environmental, and societal interest and drawing on the results stemming from Union and national research, with the potential to strengthen the Union's competitiveness at the international level and find solutions for the major challenges faced by European society, including those relating to health and the digital market;
- education and training activities in particular at masters and doctoral level, as well as professional training courses, in areas with the potential to meet future European socio-economic and socio-ecological needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT education and training activities, including those that are EIT-labelled;
- actions as part of the pilot on supporting HEIs to better integrate into innovation value chains and ecosystems and bringing them together with other key innovation players from the knowledge triangle and thereby improve their innovation and entrepreneurial capacity;
- outreach activities and the dissemination of best practices in the field of innovation with a focus on development of cooperation between higher education, research and business, including the service and financial sectors, and, where relevant, public and third sector organizations;
- RIS activities, fully integrated into the KICs multiannual strategy and linked to the relevant Smart Specialisation Strategies in order to strengthen the innovation capacity and to develop sustainable

[7] See the Horizon Europe Programme Guide on the Portal for a complete list of these countries.

innovation ecosystems with a view to decreasing the disparities and divide in innovation performance across the Union;

- seeking synergies and complementarities between KIC activities and existing European, national and regional programmes, in particular the EIC, other European Partnerships and Missions under Horizon Europe, where appropriate;
- mobilising funds from public and private sources. KICs shall in particular seek to raise an increasing proportion of their budget from private sources and from income generated by their own activities;
- providing on request information on research and innovation outputs and results, and related intellectual property rights, developed under the KICs activities and on the relevant inventors.

The Business Plan shall cover activities in line with the recast EIT Regulation, the Strategic Innovation Agenda 2021-2027, the EIT's Single Programming Document 2021-2023 and the Strategic Agenda of the KIC concerned (see Annex 1 of the PA).

The activities described in the 2021 KIC Business Plans shall be implemented through the grants awarded for 2021. They must include activities that specifically **contribute to the implementation of the KICs' multiannual strategy (PA Annex 1).**

Specific eligibility criteria, especially defining which activities are eligible for EIT RIS and EIT Cross-KIC, are also laid down in Chapter 4 below.

3.3 Exclusion criteria

KIC Partners and linked third parties shall be excluded from participation in the Call and from award if they are in one of the situations referred to in Article 136(1) and 141 of the EU Financial Regulation[8].

KIC Partners and linked third parties who have already acceded to one or more of the KICs and are therefore included in the EIT Partnership (PIO) database have already provided their Declaration of Honour at the time of their accession request.

[8] 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 (1) (OJ-L 193/30.07.2018, p.1)

4 Award criteria and allocation principles

4.1 EIT KIC funding

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%

Eligible activities:

The Business Plan shall cover activities in line with the recast EIT Regulation, the EIT Strategic Innovation Agenda 2021-2027, the EIT's Single Programming Document 2021-2023 and the Strategic Agenda of the KIC concerned (see Annex 1 of the PA). For EIT RIS specific activities, please see below.

Award (evaluation) criteria:

The EIT GB will decide on the funding for each KIC, which will be calculated on a set of criteria, taking into account among others performance against specific targets.

Criteria*	Maximum score	Evidence
1) Multiannual strategy	30	EIT GB Rapporteur visit; EIT GB Hearing Continuous reporting
2) Financial sustainability (2019)	20	KIC report 2019
3) Effectiveness of KTI measured by KPIs (2019)	20	KIC report 2019
4) Financial performance measured by KPIs (2019)	10	KIC report 2019
5) Non-financial performance (2019 and 2020)	10	KIC report 2019; Monitoring 2020
6) Business Plan quality and ambition (2021)	10	Business Plan 2021 (portfolio level)

* Please note that for fourth wave KICs only criteria 1, 5 and 6 apply. Therefore, first, second and third wave KICs can reach maximum 100 points, whilst fourths wave KICs can reach maximum 50 points.

The score received by individual KICs will be converted to funding, based on the indicative budget per wave, in proportion of the KICs' relative scores. Due to the fact that there is only one KIC in the third wave, second and third wave KICs will be grouped for the purpose of the calculation, whilst for the scoring of different

sub-criteria (except for criterion 3) they will not be compared against each other, as explained in the following chapter.

The detailed sub-criteria, scoring methodology and evaluation evidence are presented in the next chapter of this document.

1. Multi-annual strategy

The following were considered when assessing the multiannual strategy criterion:

- Ambition of the draft KIC Strategic Agenda 2021-2027;
- Progress in addressing the KIC's key strategic challenges including strategic recommendations issued by the EIT GB and effectiveness in integrating the KT;
- Progress towards the objectives and targets indicated in the multiannual strategies, inter alia, the impact, results and openness, including the number of partners and the establishment of new co-location centres, coordination and management of the KIC's ecosystem;
- Consistency with the strategic objectives of the European Union, in particular Horizon Europe, and KIC's contribution to achieving these goals;
- Alignment with good governance principles set by the EIT;
- Cross-KIC collaboration and synergies with other programmes (both the planned activities and the results achieved);
- Results of the EIT Regional Innovation Scheme.

The key strategic challenges are KIC-specific and may encompass topics, such as KIC's strategic objectives, impact and KPIs, partnership, governance, openness and transparency and/or financial sustainability. The final score was determined by the EIT GB members (including the GB Rapporteurs) after the Hearings.

The following indicative scale were used (maximum 30 points):

- 0-5: KIC fails to demonstrate sufficient strategic focus, insufficiently addressing the key recommendations.
- 6-10: Poor – KIC addresses the relevant aspects inadequately or there are serious inherent weaknesses
- 11-15: Fair – KIC broadly addresses the relevant aspects, but there are significant weaknesses
- 16-20: Good – KIC addresses the relevant aspects well, but a number of shortcomings are present
- 21-25: Very good – KIC addresses all relevant aspects very well, but small number of shortcomings are present
- 26-30: Excellent – KIC successfully addresses all relevant aspects. Any shortcomings are minor.

Evidence: The evaluation (with scores) was based on:

- the information provided by EIT and KICs in the framework of the GB Rapporteur visit as well as other supporting documents;
- the Hearings with the EIT GB;
- the draft KIC Strategic Agenda 2021-2027; and

- KICs' performance towards the targets set in the draft KIC Strategic Agenda.

The supporting documents provided by the EIT synthesised information from different available sources. They focused on multi-annual aspects and trends (e.g. analysis of BPs and KIC Reports data, past and current monitoring outcomes, BP assessment feedback of strategic importance provided by external experts, etc.). The KICs addressed questions at the Hearings through a presentation and at the Q&A session.

2. Financial sustainability (2019)

Financial sustainability performance will be measured through qualitative assessment of the progress towards financial sustainability, including the portfolio of assets each KIC is developing to reach financial sustainability, through the support of external experts (maximum 10 points).

In addition, the financial sustainability coefficient will be scored as follows (maximum 10 points):

Score	1st wave KIC	2nd wave KIC	3rd wave KIC
10	≥25%	≥20%	≥15%
8	≥20% - <25%	≥16% - <20%	≥12% - <15%
6	≥15% - <20%	≥12% - <16%	≥9% - <12%
4	≥10% - <15%	≥8% - <12%	≥6% - <9%
2	≥5% - <10%	≥4% - <8%	≥3% - <6%
0	<5%	<4%	<3%

Evidence: The evaluation (with scores) will be based on the submitted KIC Reports 2019 and their assessment carried out by experts and the EIT.

3. Effectiveness of KIC operations as measured by KPIs (EIT core KPIs (2019))

The final score will be calculated as the sum of the results for the following EIT Core KPIs:

EITN01	**Number of graduates** from EIT labelled MSc and PhD programmes	Max 4
EITN03	**Number of products (goods or services) or processes** launched on the market	Max 4
EITN02 + EITN04	**Number of start-ups** created as a result of innovation projects and created by students enrolled and graduated from EIT labelled programmes	Max 4
EITN06	**Investment attracted** by start-ups supported/have been supported by KICs	Max 4
EITN08	Number of new participants in **EIT RIS programmes** (EITN08.01 Individuals and EITN08.01 organizations as validated in the KIC Reports 2019)	Max 4

The results will be benchmarked against the best result among the KICs in the same wave (second and third waves combined) and the scores will be calculated as follows:

("KIC score"/"Highest score among the KICs of the same wave")

Evidence: The evaluation (with scores) will be based on the submitted KIC Reports 2019 and their validation carried out by experts and the EIT.

4. Financial performance measured by KPIs (2019)

Financial performance will be measured with regard to the following two parameters:

- EIT grant absorption: the proportion of EIT grant approved compared to the awarded amount in the original SGA 2019 (i.e. before any amendments)
- KIC error rate in EIT funded KAVA costs declared: proportion of ineligible costs in comparison to total EIT-funded KAVA cost declared in the 2019 cost reports

The calculation will be based on the following formula:

Absorption: 10 points if ≥97%, 8 points if ≥94%, 6 points if ≥91%, 4 points if ≥88%, 2 point if ≥85%
LESS
*% of error rate in EIT co-financed KAVA costs*100*

The minimum score for this criterion is zero, it cannot be a negative number.

Evidence: The evaluation (with scores) will be based on the submitted KIC Reports 2019 and their assessment carried out by experts and the EIT.

5. Non-financial performance (2019 and 2020)

Non-financial performance will be measured based on two parameters: diversity and EIT/EU co-branding. The maximum individual score on each criterion will be 5, so a total of 10 points can be achieved.

- Diversity

The target is set to at least 25% of women in top governance and management positions combined. Top governance refers to the members of the KIC boards (Supervisory Board or equivalent), whilst KIC management refers to the KIC CEO, COO, CFO / Director of Finance, Chief Strategy Officer, Pillar directors (Education, Innovation, Business Creation) and CLC Directors. The score 0 or 5 will be given based on the state of the play as of the 2021 Business Plan submission deadline date.

- 5 points if percentage of less represented gender reaches at least 25 %
- 0 points if percentage of less represented gender does not reach at least 25 %.

- EIT/EU visibility

The KIC's alignment with the EIT/EU co-branding, as stipulated in the legal framework, will be assessed, considering the following dimensions:

- KIC Partnership and corporate communication: adequate mechanism in place to ensure that the EIT/EU co-branding is consistently promoted by KIC Partnership (and all other involved organisations)
- Level of alignment measured on a sample (e.g. top KAVAs in terms of budget and potential impact)

No points will be provided in case of serious non-compliance with EIT/EU visibility requirements.

The following scale will be used:

- 0: KIC fails to address/ align with the relevant aspects/ the principles.
- 1: Poor – KIC addresses/is aligned with the relevant aspects/principles inadequately, or there are serious inherent weaknesses.
- 2: Fair – KIC broadly addresses/is aligned with the relevant aspects, but there are significant weaknesses
- 3: Good – KIC addresses/is aligned with the relevant aspects well, but a number of shortcomings are present
- 4: Very good – KIC addresses/is aligned with all relevant aspects very well, but a small number of shortcomings are present
- 5: Excellent – KIC successfully addresses/is aligned with all relevant aspects. Any shortcomings are minor.

Evidence: The evaluation (with scores) will be based on the submitted KIC Reports 2019, monitoring activities in 2020 and additional information collected from available sources.

6. Business Plan quality and ambition

Business Plans for 2021 will be assessed with aspect to two criteria:

- Clarity and pertinence of the Business Plan objectives - relevance of the BP to the KIC thematic sector and alignment with the EIT mission; presented objectives using SMART criteria (specific, measurable, attainable, relevant and time-bound)
- Business Plan ambition - the level of planned outputs/results and the contribution to the long-term targets (incl. EIT core and KIC specific KPIs)

The following scale will be used:

- 0: KIC fails to address the relevant aspects
- 1: Poor – KIC addresses the relevant aspects inadequately, or there are serious inherent weaknesses.
- 2: Fair – KIC broadly addresses the relevant aspects, but there are significant weaknesses
- 3: Good – KIC addresses the relevant aspects well, but a number of shortcomings are present
- 4: Very good – KIC addresses all relevant aspects very well, but a small number of shortcomings are present
- 5: Excellent – KIC successfully addresses all relevant aspects. Any shortcomings are minor.

Evidence: The evaluation (with scores) will be based on the submitted Business Plan, in particular the following parts: Business Plan *per se. additionally, summaries of the Annex II-IV will be used as additional evidence.*

EIT Regional Innovation Scheme (EIT RIS)

In line with the EIT Strategic Innovation Agenda (SIA) 2021-2027, 10-15% of the EIT grant shall be earmarked to the EIT Regional Innovation Scheme (EIT RIS) on a multiannual basis. To reach the target, **KICs should implement indicatively 10% of the KIC KAVA costs under the EIT RIS AREA in 2021** – therefore on activities which target EIT RIS regions (as explained below).

During 2021, the EIT RIS Guidance Note 2018-2020 will also be applicable in 2021 (especially for EIT RIS eligible countries).

As a main objective, the EIT Regional Innovation Scheme activities shall **contribute to enhancing the innovation capacity** of the modest and moderate innovator countries[9] by **widening participation in KICs'**

[9] According to the EIT RIS Implementation Guidance Note 2018-2020, the countries are: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Romania, Albania, Armenia, Bosnia and Herzegovina, Faroe Islands, the Republic of North Macedonia, Georgia, Moldova, Montenegro, Serbia, Turkey and Ukraine. (EIT RIS eligible countries)

activities and sharing KICs know-how **through promoting Knowledge Triangle Integration (KTI).** Hence, the EIT RIS is to be implemented in the geographical **areas where there is limited or no KIC presence**. This underlying principle applies to all EIT RIS activities, including innovation projects.

To promote the KTI, the KICs are expected to work with local higher education institutions, research institutions and businesses, as well as to provide mentoring and support that will allow the actors in EIT RIS countries to effectively adapt KIC KTI practise to local reality, as well as widen the participation in KICs activities. In addition, the EIT RIS activities shall incorporate a clear coordination and communication plan between the EIT, KICs and EIT Hubs to ensure a smooth implementation of the EIT RIS activities in the target countries. KICs and EIT Hubs are expected to contribute to the coordination of their activities at EIT community level.

KICs should focus their efforts on building sustainable innovation structures and ecosystems in modest and moderate innovator countries and regions, while demonstrating openness by increasing the number of partners and projects from the EIT RIS countries where KICs do not have a strong presence (e.g. well established CLCs). In their 2021 Business Plans, the KICs shall also plan adequate activities to ensure visibility of the EIT RIS in the target countries.

Eligible activities under the EIT RIS: The KICs will have a certain flexibility in designing their own EIT RIS activities, provided that the **activities are in line with the EIT RIS Guidance note 2018-2020**[10]**.** More details are given in the Guidelines for KICs Business Plan 2021 (including Part II).

The KIC Partners can request EIT RIS funding in order to cover the costs incurred in relation to the EIT RIS activities implemented for the benefit of EIT RIS target groups.

The ultimate EIT RIS target groups who shall benefit from the EIT RIS activities are teams, individuals and organisations from EIT RIS countries and regions. As a general rule, EIT RIS must directly benefit teams, individuals and organisations from EIT RIS countries and regions and widen participation (e.g. attract new partners and other participants from the regions where the KIC has limited presence, for instance, not yet well established CLC).

4.2 EIT Cross-KIC and HEI pilot funding

By the EIT GB Decision on the principles for the determination of the 2021 EIT financial allocation referred to in the introduction, **the EIT has earmarked 32 MEUR grant** for the financing of Cross-KIC activities, shared services, and **the pilot of the new action aimed at increasing the entrepreneurial and innovative capacities of Higher Education Institutions, for which 12MEUR** within the total budget of 32 MEUR.

[10] EIT Regional Innovation Scheme Implementation Guidance Note 2018-2020: the note should be applied also in 2021, since it was extended.

Through joining forces, the KICs should design and implement **value added Cross-KIC activities and shared services that shall explore the potential synergies and economies of scale, valorise the innovation potential across KICs, develop new innovation delivery mechanisms, promote EIT KIC model and increase EIT visibility** as defined in the EIT Strategic Innovation Agenda 2021-2027 and the EIT Single Programming Document 2021-2023. A genuine Cross-KIC activity should allow all participating KICs to be involved in the delivery of the actions with clear objectives, milestones and achievements as well as clear allocation of roles.

Any KIC may participate and implement the eligible activities under the Cross-KIC scheme. The participating KICs and their individual contributions have to be agreed by all KICs participating in the specific Cross-KIC activity.

One KIC should be assigned to lead a Cross-KIC activity. Any KIC may lead a Cross-KIC activity. The leading KIC leads the Cross-KIC activity implementation and coordinates the contributions of the participating KICs. All KICs participating in the Cross-KIC activity (including the leading KIC) must agree on the main objectives, milestones and annual achievements, as well as the budget distribution. Thus, **an overall Cross-KIC Activity Plan must be agreed by the participating KICs**.

Eligible activities:

The following main Cross-KIC activities are foreseen in 2021:

EIT House
Cross-KIC Human Capital
Cross-KIC EIT RIS
Cross-KIC Common Outreach
Cross-KIC CLC consolidation
Cross-KIC Skills 4 Future
Cross-KIC Artificial intelligence
Cross-KIC Resource Efficient Society
Cross-KIC Food for Health
Cross-KIC Child Obesity (thematic innovation)
Cross-KIC Digitized Production (thematic innovation)
Cross-KIC Sustainable Cities/ New European Bauhaus (thematic innovation)
Cross-KIC Water Scarcity (thematic innovation)
Cross-KIC Western Balkans (new)
KIC Shared Services (new)
Cross-KIC EIB (new)
Cross-KIC EIC (new)
Cross-KIC EIF (new)
HEI Capacity Building (new)

Cross-KIC Western Balkans "Circular, Regenerative Economy in Western Balkans" has an objective to strengthen the EIT KICs' presence and outreach in the Western Balkans region, by engaging relevant actors in education and entrepreneurship support activities and by engaging the public bodies in addressing circular economy challenges. The cross-KIC activity must also explore strategic alliances and possible

cooperation with other strategic actors active in the region at different levels (e.g. EBRD, UNDP, Western Balkans Foundation, among others), as well as carry out scoping and preparations for potential innovation projects.

HEI Capacity Building: the purpose of the HEI Initiative is to create systemic impact in Europe through strengthening the entrepreneurial and innovation capacities of higher education institutions (HEIs). This will be realised by developing a strategy and an action plan, which must allow for flexibility and experimentation in the pilot year in BP2021. Specific objectives are to achieve the following:

- Increase the entrepreneurial and innovation capacity of higher education institutions (HEIs), both regarding HEIs own capacity to be entrepreneurial and innovative as well as being able to teach and foster innovation and entrepreneurship;
- Strengthen and safeguard the integration of HEIs in innovation ecosystems.

The activities financed under the HEI capacity building pilot must be in line with the EIT Strategic Innovation Agenda 2021-2027. For this purpose, the concept was developed in 2020 by the 'EIT Task Force on the new HEI action' with the representatives of EIT, GB and DG EAC and the corresponding EIT - KIC Working Group, which outlines the main methodology and key principles of the new initiative.

KIC Shared Services aims to achieve Cross-KIC efficiency gains and jointly handling of operational and administrative tasks common for all KICs. The shared services are mentioned in and recognised by the recast EIT Regulation, and in 2021 shared services will largely support the EIT KICs' transition to Horizon Europe. Based on the progress in the shared services area so far and based on the needs related to the HE transitions, the EIT identified minimum outcomes the KICs must achieve in 2021: In 2021, the KICs must:

- setup KIC Shared Services (incl. resources and infrastructure, ways of communication and handover from Task Force Simplification).
- Map and analyse HE transition needs and other opportunities with high efficiency gains, including assessment of the potential gains and savings, and KICs participation/roles.
- Agree with the EIT on the concept and key functions, as well as the roadmap for rollout multi-annually
- Progress in the following two functional areas:
    - Audits, e.g. annual centralised CFS audits for all KICs/Partners exceeding CFS thresholds, audits below CFS threshold or other types of audits to increase assurance and cover needs after the HE transition;
    - Common data and knowledge management, e.g. common data model, common templates, common reporting/publication (CORDA, Funding &Tenders Portal, EIT website), shared data management systems).

  KICs may also propose progress in other areas, e.g. joint procurement, HR, sustainable office, partnership management.

Award (evaluation) criteria:

The proposed Cross-KIC activities, KIC Shared Service as well as HEI Capacity Building will be evaluated against **its expected impact and cost effectiveness**[11].

The EIT may prioritise and/or reject a Cross-KIC activity and the related KAVAs. In case the EIT Cross-KIC Fund is lower than the requested grant, the Cross-KIC activity proposals and their related KAVAs will be scored and ranked based on the above mentioned criteria.

Evidence: The evaluation will be based on the submitted Business Plan, in particular the following parts: BP Additional Annex – Cross-KIC Activity Plan, Business Plan *per se*, the Annex I KAVAs grouped under the Cross-KIC Area including KPIs, Annex III Estimated budget related to Cross-KIC Area.

5 Evaluation Process

5.1 KIC Business Plan assessment

The proposed KIC Business Plans shall be assessed by **independent external experts** selected by the EIT and organised in panels.

If the KICs wish so, they are welcome to submit brief videos (maximum 10 minutes) presenting their Business Plan 2021. The video will be made available to the experts, as part of the briefing documentation.

The KICs shall not have direct or indirect contact with the external experts regarding the evaluation at any time, including during or after the evaluation exercise. The information and the names of the experts shall remain confidential.

Evaluation with scores in line with the award criteria

The evaluation will be carried out **at portfolio level** against the award criteria and based on the evidence presented in the previous Chapter4.

Evidence: as per chapter 4.1, criterion 6) Business Plan quality and ambition (2021) and chapter 4.2 for Cross-KIC activities and HEI Pilot activity.

The outcomes of the Business Plan evaluation are included in the evaluation report which contains scores substantiated by evaluative justifications. This evaluation may also result in "EIT requirements" to be addressed before the Business Plan approval and Grant Agreement signature.

[11] The weight of each evaluation criterion will be 50%.

Evaluation leading to "EIT requirements"

To ensure quality of the Business Plan and in particular **at KAVA level**, the individual KAVAs will be assessed in terms of **(a) Efficiency/economy**, including value for money and coherence of outputs and deliverables and **(b) Relevance (EIT RIS only),** including the benefits of the EIT RIS target group and the potential to contribute to enhancing the innovation capacity in the EIT RIS eligible countries and regions through promoting KTI (in case of EIT RIS KAVAs). Furthermore, regularity and legality and other elements relating to the applicable Grant Agreement provisions are also verified.

Evidence: the whole Business Plan including all annexes. The EIT and the experts may also consult other submitted documentation, as described by the Guidelines for BP2021, or may browse publicly available sources to verify information provided by the KICs.

The outcome of this assessment leads to the formal EIT requirements which shall be met prior to the approval of the Business Plan as a condition for the grant award and the Grant Agreement signature (see Chapter 6).

5.2 Multi-annual strategy assessment

The strategy and multi-annual progress assessment was carried out by the **EIT Governing Board** with support from the appointed GB Rapporteur. It focused on the **KIC development and achievements over the years from the strategic perspective**, i.e. how successful is the KIC in reaching the EIT's and KIC's strategic objectives. Part of this assessment was also to verify that the strategic recommendations made by the EIT Governing Board in previous years have been addressed by the KICs and that monitoring recommendations are followed up.

The task was carried out by GB Rapporteurs, designated by the EIT Governing Board, in order to oversee the assessment process and report back to the Board during the hearings with the KICs.

Four GB Rapporteurs, members of the GB, were appointed (one per each wave of KICs). The GB Rapporteurs' main role was to **meet the KICs in the particular wave in order to familiarise with the KICs' strategic and multi-annual development.** The GB Rapporteurs discussed the state-of-play of implementing the strategic recommendations with high-level representatives of the KIC (CEO, Chairperson or Members of the KIC Board). Any other topics of strategic importance identified during the year could have also been discussed. The GB Rapporteurs concluded the visit with a feedback to the KIC with respect to the key strengths and weaknesses and recommendations/remaining challenges. The meeting was documented in the form of main conclusions report. Based on the knowledge gained during the visit and the KIC's weaknesses identified, the GB Rapporteurs highlighted KIC's key challenges which were then discussed at the Hearings with the KICs.

5.3 Hearings with the KICs

The hearings with the KICs constitute an important part of the Multi-annual Strategy assessment, but also, they embrace the whole 2021 financial allocation process.

The hearings with the KIC CEOs were held online on 25-26 November 2020. The modalities of the hearings, in particular the scope and structure of the KIC interventions and the time allocated, were communicated to the KICs in due time.

The main objective of the hearing was to conclude on the Multi-Annual Strategy criterion assessment.

The hearings comprised of a short introduction and an in depth Q&A session aiming to increase the level of interaction with the KICs, enabling a deep discussion and understanding of the KIC strategy. The sessions focused on key strategic challenges in areas of e.g. impact, synergies, KIC business model and progress towards financial sustainability, building the EIT Community Brand Identity, KIC governance, partnership and openness.

Following the hearings and after reaching consensus, the EIT Governing Board took a decision on the final scores.

The EIT Governing Board has issued recommendations to KICs on strategic elements to improve key areas and to further develop those elements that make each KIC unique.

6 KIC Business Plan approval - Award decision – Grant Agreement 2021 signature

Following the hearings, the EIT Director communicated the evaluation results to the KICs (by email only) and requested the submission of the updated version of the KIC Business Plans based on the

(a) EIT requirements for the Business Plan revision, and
(b) the EIT GB strategic recommendations for the upcoming grant cycle(s).

In the course of January-February 2021 second requirement letters were sent to the KICs who submitted the complete 2021 Business Plan by 8 January 2021 based on the first requirement letter. For the KICs submitting the complete 2021 Business Plan by 15 March 2021, the second requirement letter will be sent in the course of April 2021.

The **EIT Governing Board will take a decision on the level of maximum EIT financial contribution for each KIC in accordance with the timeline indicated in Chapter 2 above.**

The formal requirements issued by the EIT – including the maximum EIT contribution – shall be met prior to the approval of the Business Plan as a condition for the grant award and the Grant Agreement signature.

A clarification session is offered to each KIC following each EIT requirements letter.

The GB allocation decision will serve as the basis for the award of the 2021 grants by the EIT Director and for the conclusion of the 2021 Grant Agreement, provided that the updated version of the 2021 KIC Business Plan and estimated budget:

- are in compliance with the "Guidelines for the 2021 KIC Business Plan and estimated Budget";
- meet the requirements for the revision of the Business Plan issued by the EIT Director, including the decided maximum EIT financial contribution;
- are aligned with the Strategic Recommendations issued by the EIT Governing Board.

In the event of a grant awarded by the EIT Director, a Grant Agreement detailing the conditions and level of funding will be sent to the KICs, as well as the information on the procedure to formalise the agreement of the parties. The 2 copies of the original agreement must be signed first by the KIC CEOs on behalf of the KIC partnership and returned to the EIT without delay. The EIT will sign it last.

7 Legal and financial provisions

Partnership Agreement and Grant Agreement

The 2021 grants shall follow the new legal framework and the new agreement models (EIT Partnership Agreement (PA) and HE Model Grant Agreement (GA)), with some specific transition measures for 2021. The pre-condition for the signature of the 2021 Grant Agreements is the signature of the Partnership Agreements which will repeal the Framework Partnership Agreements with retroactive effect of 1 January 2021, and the publication of the EIT Regulation (recast) and Strategic Innovation Agenda 2021-2027 in the Official Journal.

Starting date, eligibility period and expected Business Plan duration

The action's starting date and duration will be fixed in the 2021 Grant Agreement (from 1 January 2021 until 31 December 2021). This duration may be extended by the EIT in an exceptional situation with due justification: such an extension shall be formalised with an amendment of the Grant Agreement.

In order to ensure that the significant delay in the adoption of the new legal framework does not result in an interruption of the KIC activities, retroactive eligibility from 1 January 2021 is allowed by the EIT's financing decision (i.e. the 2021 Annual Work Programme, incorporated in the Final Single Programming Document 2021-2023), the if other conditions for eligibility are met.

Maximum grant amount, reimbursement of eligible costs and funding rate

The eligible and ineligible costs, the form of grant and reimbursement, calculation of the final grant amount, reporting and payment arrangements together with other financial conditions are described in the model Grant Agreement.

The grant awarded may be lower than the amount requested.

The EIT grant will be a reimbursement of actual costs grant. This means that it will reimburse ONLY certain types of costs (eligible costs) and ONLY those costs *actually* incurred (NOT the *budgeted* costs).

The costs will be reimbursed at the single reimbursement rate (SRR) indicated in the Grant Agreement. **The maximum SRR is set as** a weighted average of the grant rate for Cross-KIC, shared services, HEI Capacity Building and EIT RIS activities which can be up to 100% and the grant rate for knowledge triangle integration activities respecting the maximum ceilings set out below per KIC:

- Up to 50% of KIC Added Value expenditure may be financed for each KIC of the first wave, namely EIT Digital, EIT InnoEnergy, EIT Climate-KIC;
- Up to 80% of KIC added value expenditure may be financed for each KIC of the second and third wave KIC, namely EIT Food, EIT Health and EIT RawMaterials.
- Up to 100% of KIC Added Value expenditure may be financed for each other KIC, namely EIT Manufacturing and EIT Urban Mobility.

The estimated budget shall be prepared in the line with the 2021 Business Plan Guidelines.

Joint and several liability of affiliated entities

Joint and several liability of affiliated entities: As a rule, declarations on joint and several liability will be requested by EIT if the budget of the affiliated entity is higher than the budget of the KIC Partner concerned, with the following exceptions:

a. If the total KAVA budget of the affiliated entity is lower than EUR 100,000,

b. If the affiliated entity is a public body

The KIC shall collect the Declaration on joint and several liability from the affiliated entities falling into the above situation and submit these in the Partnership Management tool continuously, by no later than the deadline set out for the accession of the partners to the 2021 Grant Agreement. Non-submission of the declaration may result in rejection of the costs for the affiliated entity concerned.

Reporting and payment arrangements and deliverables

The reporting and payment arrangements are laid down in the Grant Agreement. Obligatory deliverables set in the BP Guidelines are expected to be submitted during the implementation year while majority of deliverables are expected together with the final KIC report after the end of the implementation.

At the end of the implementation year, KIC shall submit a report and EIT will calculate the final EIT grant amount. If the total of earlier payments is higher than the final grant amount, EIT will ask the KIC LE to pay back the difference (recovery).

8 Processing of personal data

The reply to the present call for Business Plans involves the recording and processing of personal data (such as name, address and CV). Such data will be processed by the EIT pursuant to Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data[12]. Any personal data requested in accordance with the Call for Business Plans will be processed solely for that purpose by the EIT. The EIT privacy statement for the management of grants is available at:
https://eit.europa.eu/data-protection

Personal data may be registered in the Early Detection and Exclusion System by the Commission, should the beneficiary be in one of the situations mentioned in Article 136 and 141 of the Financial Regulation 2018/1046 (for more information see the Privacy Statement on:
https://ec.europa.eu/info/data-protection-public-procurement-procedures_en.

[12] Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC

Electronically signed on 23/02/2021 19:41 (UTC+01) in accordance with article 11 of Commission Decision C(2020) 4482