



DECISION 27/2021

OF THE GOVERNING BOARD OF

THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

ON THE ASSESSMENT AND ADOPTION OF THE 2020 ANNUAL ACTIVITY REPORT OF THE AUTHORISING OFFICER OF THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY

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 (hereinafter referred to as the 'EIT Regulation'), and in particular Article 19 (2) thereof, point (1) (b) of section 2 and point (6) (d) of section 5 of the Statutes of the EIT provided in Annex I to the EIT Regulation (hereinafter the 'Statutes of the EIT');

Having regard to Commission Delegated Regulation (EU) No 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council² (hereinafter referred to as the 'Framework Financial Regulation'), and in particular Article 48 thereof;

Having regard to Decision 21/2019 of 25 September 2019 of the Governing Board of the EIT on the Financial Regulation of the EIT³ (hereinafter referred to as the 'EIT Financial Regulation'), and in particular Article 1 thereof;

Having regard to Decision 20/2018 of 7 June 2018 the Governing Board of the EIT on the Charter of the Audit Committee⁴;

Having regard to the Annual Activity Report of the Authorising Officer in respect of the year 2020;

WHEREAS

- The Authorising Officer shall report to the Governing Board on the performance of his or her duties in a form of a consolidated annual activity report pursuant to Article 48(1) of the Framework Financial Regulation;
- The consolidated annual activity report shall be submitted to the Governing Board for assessment in accordance with Article 48(1) of the Framework Financial Regulation;
- The Governing Board shall adopt the Annual Activity Report of the EIT based on the draft prepared by the Director pursuant to Section 2 of the Statutes of the EIT;

¹ OJ L189 of 28.05.2021, p. 61.

² OJ L122 of 10.5.2019, p. 1.

³ Ares(2019)6810859

⁴ 03128.EIT.2018.I.GB51

- No later than 1 July each year the consolidated annual activity report together with its assessment shall be sent by the Governing Board to the Court of Auditors, to the Commission, to the European Parliament and the Council in line with Article 48(2) of the Framework Financial Regulation;
- In line with the Charter of the Audit Committee, the Audit Committee shall advise the Governing Board regarding the assessment of the Annual Activity Report of the authorising officer;
- The EIT Audit Committee expressed its positive opinion on the draft Annual Activity Report prepared by the Director and supports the adoption of the Governing Board's assessment of the Annual Activity Report 2020 as well as the adoption of the Annual Activity Report 2020.

HAS DECIDED AS FOLLOWS:

Article 1
Assessment of the Annual Activity Report 2020

The EIT Governing Board:

1. Welcomes the results presented in the Annual Activity Report of the Authorising Officer (the 'AAR') and appreciates the presentation of all the underlying building blocks that underpin that declaration. Expresses its satisfaction and appreciation of the results achieved by the EIT and the high level of commitment and the increasing quality and efficiency of work of the EIT's staff and management.
2. Welcomes the fact that the EIT Community has grown to over 2200 partners and 50 hubs, which collectively have by now put over 1170 innovative products and services on the market, trained several thousand entrepreneurs and supported over 3200 start and scale-ups that attracted close to EUR 3.3 billion in investments.
3. Notes with satisfaction that the European Parliament granted discharge to the EIT in respect of the 2019 financial year, which confirms the positive evaluation of the EIT's management and control systems.
4. Welcomes the EIT's Strategic Innovation Agenda (SIA) 2021-2027 and the new EIT Regulation, which place the EIT at the heart of Horizon Europe with a reinforced mandate, in particular in the areas of education and regional outreach, as well as a 25% budget increase, which confirm the EIT's success.
5. Is concerned that with understaffing, and in the light of an increase in its budget and number of KICs the EIT may not be able to maintain its checks in the future at a satisfactory level and risks an increase of error rates. It is also concerned that other operational activities may have to be decreased creating negative operational and reputational impact for the EIT, particularly hampering the development of its institute role. In addition, it calls the EIT management to take the necessary measures to maintain the error rate below the materiality threshold.
6. Is concerned that the number of posts planned, and therefore made available to the EIT by the EU institutions, has not followed the significant growth of budget and activities and calls on the Commission to consider a timely increase of the staff allocated to the EIT.
7. Expresses its satisfaction with the successful organisation of the EIT Awards 2020.
8. Notes that the absorption rate for the 2019 grant agreements was 94.07% and the financial sustainability coefficients of KICs remained low. It calls on the EIT management to make additional efforts to improve those rates.
9. Is satisfied that the detected error rate during ex-post verification of 2019 grants was 0.08 % and the residual error rate is 0.00%, which is well below the materiality level of 2%.

10. Expresses satisfaction that ECA concluded that revenue as well as payments underlying the accounts for the year ended 31 December 2019 are legal and regular in all material aspects.
11. Notes that the number of open IAC audit recommendations has decreased from 69 to 59 from end-2019 to end-2020. Calls on EIT management to further speed up the implementation of the audit recommendations.
12. Welcomes that the EIT launched the EIT Crisis Response Initiative mobilising EUR 60 million of additional funding in response to the pandemic of COVID-19.
13. Appreciates the fact that throughout 2020, the EIT Director kept the Governing Board fully informed of the EIT's activities and progress by way of regular Governing Board meetings, facilitated by a structured agenda and regular activity reports, as well as actively engaged the Board members in additional activities to promote the EIT mission.
14. Confirms that the EIT Governing Board's analysis and assessment of the Annual Activity Report 2020 is positive and that the Annual Activity Report 2020 provides it with the necessary assurance for a positive assessment of the results achieved in 2020.

Article 2

Adoption of the Annual Activity Report

Based on the assessment of the Governing Board, as set out in Article 1 of this decision, the Annual Activity Report 2020 by the EIT Director is adopted as set out in Annex 1 to this decision.

Article 3

Publication

Annual Activity Report 2020 shall be sent by the Chairperson on behalf of the Governing Board to the European Court of Auditors, to the Commission, to the European Parliament and the Council and shall be published on the website of the European Institute of Innovation and Technology.

Article 4

Entry into force

This decision shall enter into force on the day of its signature.

Done in Budapest on 9 June 2021

Gioia GHEZZI
Chair of the EIT Governing Board

Annex 1: Consolidated Annual Activity Report 2020



A body of the European Union



CONSOLIDATED ANNUAL ACTIVITY REPORT

FINANCIAL YEAR: 2020

09 June 2021, Budapest



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INTRODUCTION

This consolidated annual activity report provides an overview of the activities and achievements of the European Institute of Innovation and Technology (EIT) in 2020.

The EIT's Annual Activity Report 2020 is a report of the EIT Director. It is a key component of the strategic planning and programming cycle: it is the basis on which the EIT Director takes its responsibility for the management of resources and the achievement of objectives. It also allows the EIT Director to decide on the necessary measures to address any potential management and control weaknesses identified. It is in compliance with Article 47 of the EIT Financial Regulation.

The Annual Activity Report 2020 comprises four main parts and annexes as follows.

Part I: Achievements of the financial year 2020. Mirroring the structure of the Annual Work Programme of the EIT for the year 2019, Part I provides information on achievements of objectives set in the annual work programme. This section also includes references to progress against Key Performance Indicators (KPIs) and targets.

Part II: Management. This section provides information on the functioning of the EIT Governing Board. It also includes major internal and external developments which had an impact on the EIT during the reporting year as well as information on budgetary and financial management, Human Resources management, assessment by the EIT management and also assessment of audit results during 2018, along with the follow-up of recommendations and action plans resulting from audits. It also includes components on the follow-up of observations from the Discharge authority.

Part III: Assessment of the effectiveness of the internal control systems. The report details in Part III the most important areas of risks associated with the EIT's operation as well as compliance with and effectiveness of the Internal Control Standards.

Part IV: Management assurance. The report concludes in Parts IV and V with a declaration of assurance in which the EIT Interim Director, in his role as Authorising Officer, takes responsibility for the legality and regularity of all financial transactions.

In the annexes, the report provides statistics and information on the EIT core KPIs, financial management, organisational chart, establishment plan, Human and Financial resources used by activity, the EIT's final annual accounts and further specific annexes related to Part II and Part III of the report.

The EIT Annual Activity Report is a public document and is available on the EIT website.

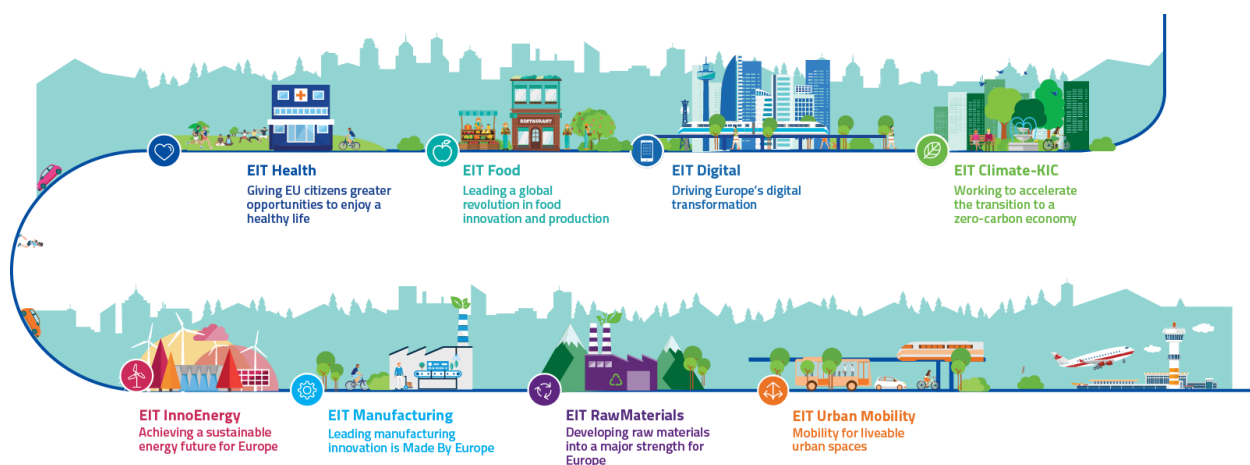
The EIT in brief

The European Institute of Innovation and Technology (EIT) was set up to drive innovation across Europe. The EIT's mission is to contribute to the **competitiveness** of Europe, its **sustainable economic growth** and **job creation**, as well as to create favourable environments for **creative thought**, to **enable ground-breaking innovation to thrive in Europe**. It does this by promoting and strengthening synergies and cooperation among businesses, education institutions and research organisations, the so-called 'knowledge triangle'. The EIT is an integral part of **Horizon 2020**, the EU Framework Programme for Research and Innovation 2014-2020.

By bringing together organisations from these dimensions to cooperate in long-term partnerships through its **Knowledge and Innovation Communities (KICs)**, the EIT promotes innovation in Europe. The partners of the KICs' are **excellent innovators** that work together to tackle some of **Europe's greatest societal challenges**. Based on existing European excellence, the KICs continuously develop existing **innovation ecosystems** and create new ones. They tackle **fragmentation and duplication** of efforts across borders to **generate critical mass**, enhance and **strengthen collaboration**, optimise the use of **human, financial and physical resources**, and **attract talented individuals** from all over the world. Together, the EIT Community aims to facilitate entrepreneurship-driven innovation and turn major societal challenges into **future economic opportunities** that create economic growth and high-skilled jobs for Europe.

To date, the EIT has established a total of eight KICs:

- **EIT Climate-KIC**, **EIT Digital** and **EIT InnoEnergy**, which were designated in 2010, are fully operational and deliver outputs and results as measured by the EIT's core Key Performance Indicators (KPIs);
- **EIT Health** and **EIT Raw Materials**, which were designated in December 2014, are now delivering results in line with the first wave of KICs after completing their third full year of operations in 2018;
- **EIT Food**, which was designated by the EIT Governing Board in November 2016, completed its first full year of operations in 2018 with its first tangible results emerging; and
- **EIT Manufacturing** and **EIT Urban Mobility** were selected by the EIT Governing Board in December 2018 and will embark on their start-up phases in 2019.

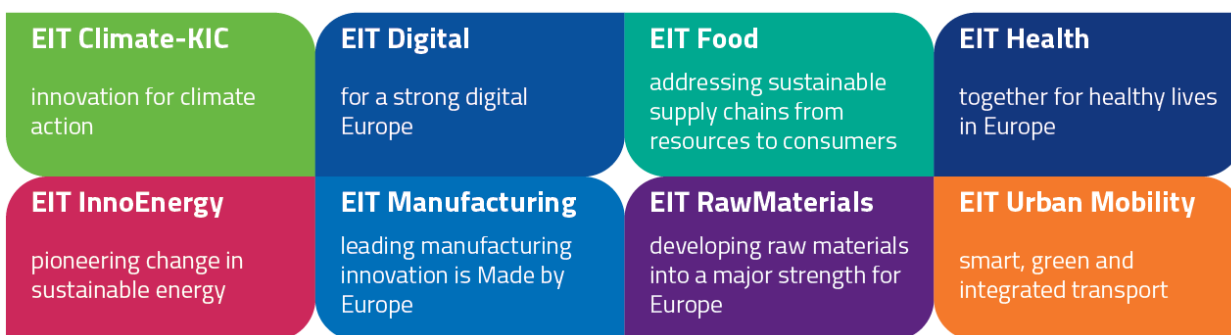


Executive Summary

Highlights of the year

Since the EIT was set up in 2008, its activities have continued to deliver **impact and ground-breaking innovations and it has created the largest innovation community in Europe**. The EIT model has been tried, tested and proven and has delivered:

- **eight** thriving Knowledge and Innovation Communities,
- **60+** Co-location Centres across Europe,
- over **3,200 start-ups and scale-ups** supported who have raised more than **EUR 3.3 billion in investments**,
- over **1,170 new products and services** brought to the market,
- more than **3,100 students** have graduated from EIT-labelled programmes and over **10,000** have participated in EIT Community entrepreneurial trainings.



In 2020, a **financial contribution of EUR 358 million** was allocated to the eight EIT's Knowledge and Innovation Communities for the implementation of their 2021 Business Plans. The **average Time-To-Grant** from the submission of 2020 Business Plans to the signature of the Specific Grant Agreements was **187 days** (27% increase as compared to the SGA2019 average time-to-grant – 148 days).

2020 was marked by the global pandemic of COVID-19, which significantly affected many EIT activities. In this context, on 14 May, the EIT launched the **EIT Crisis Response Initiative** for Europe's innovators. The EIT Governing Board decided to mobilise **EUR 60 million of additional funding** to innovators powering high-impact solutions that tackle the unprecedented social and economic challenge brought about by the Covid-19 pandemic. The new EIT initiative consisted of two main tracks of activities to be implemented by the EIT's Knowledge and Innovation Communities across Europe: the Venture Support Instrument and the Pandemic Response Projects. Each EIT Knowledge and Innovation Community launched calls for proposals for ventures and innovation projects under these two tracks. Close to 1,500 proposals were received from 44 countries, including all EU Member States, confirming the successful mobilisation of Europe's innovation community. Following a rapid evaluation of the KICs' proposals by the EIT, the EIT Governing Board took a decision on allocating the EUR 60 million funding on 25 June. The swift deployment of funds proved once again that the EIT is an agile EU body that can respond to market needs quickly owing to its speed of decision-making. Altogether **207 innovation projects and ventures from 32 countries were supported** under the EIT Crisis Response Initiative. The selected innovations provide immediate solutions within the EIT's key focus areas, from health and digitisation to food and urban mobility, to meet the wide array of challenges posed by the crisis. The 207 projects and ventures supported include, among others, effective solutions

such as biotechnology and diagnostics, using 3D prototypes to re-configure congested parts of the city and co-working areas, supporting food supply chain disruptions, and solutions to reduce airborne contaminants.

In July 2020, **four new EIT Governing Board members** were appointed by the European Commission, namely Martina Larkin, Paul Rübige, Nektarios Tavernarakis and Attila Végh. At the beginning of August 2020, a new call for expressions of interest for the appointment of four new members of the EIT Governing Board was launched. The EIT received more than 300 applications for the open positions.

The end of 2020 brought another **successful edition of the EIT's annual EIT Awards ceremony**. The online event showcased 28 of the EIT Community's most successful innovators from 13 countries and the winners were chosen by an international jury in four categories. The public also had its say with the EIT Public Award that saw over 5 000 votes being cast online. Recognising excellence in innovation, the nominees showcased their cutting-edge products and services accelerating Europe's transition to a greener, healthier, and more digital future. The EIT Awards highlight the entire innovation pipeline powered by the EIT, from student to entrepreneur, from lab to market, and from idea to solutions for Europe.



Transforming innovation: Winners of the EIT Awards 2020

2020 continued to see EIT Community supported innovators succeed. **The EIT Climate-KIC supported venture Lilium Aviation (Germany) became a unicorn** by raising more than EUR 224 million in an internal founding round led by Tencent and on a valuation over 1 billion EUR. The **Global Cleantech 100 list**, and the **Forbes 30 under 30 list** featured several entrepreneurs and innovators from the EIT Community. Such recognition for EIT Community entrepreneurs clearly affirms the EIT's impact and its unique role in driving innovation across Europe.

The EIT Community has also increased its role in supporting EU policies, as in September 2020 the European Commission launched the **European Raw Materials Alliance (ERMA)** coordinated by EIT RawMaterials. The ERMA received strong endorsement and support from over 150 stakeholders representing industry, associations, European governments across multiple sectors and value chains. EIT RawMaterials manages the newly launched alliance. On the other hand, **the revised Digital Education Action Plan foreseen for years 2021-2027 was launched in October 2020, where** the EIT is expected to play a significant role in activities focused on increasing women's participation and career development in STEM subjects and IT.

The end of 2020 also brought closer an important milestone to the EIT, the establishment of a **strategic framework for cooperation with the EIC**. The signing of a Memorandum of Understanding between the EIT and EIC on 8 January 2021 paves the way for future joint activities. The deeper cooperation aims to enable innovators, innovative SMEs and start-ups, higher education institutions and research organisations to receive quality support services to deploy and scale up innovations faster and with greater impact.

On 28 January 2021, a political agreement was reached between the Council and the European Parliament on **the EIT's Strategic Innovation Agenda (SIA) 2021-2027 and the recast EIT Regulation**. With an increased budget of nearly EUR 3 billion for the seven years and an enhanced mandate, the EIT will drive the recovery of the economy as well as the green and digital transition to build a more sustainable and resilient society.

The new EIT legal basis also includes a clearer and stricter definition for the KICs' Financial Sustainability, requirements and tools for the EIT to guide KICs towards Financial Sustainability which is an obligation for the KICs, in order for them to maintain their innovation ecosystems and their knowledge triangle activities beyond the period in which the EIT provides financial support under partnership agreements.

List of acronyms

AAR	Annual Activity Report
CA	Contract Agent
CCSI	Cultural and Creative Sectors and Industries
CFS	Certificate on Financial Statements
CLC	Co-Location Centre
DEAP	Digital Education Action Plan
EC	European Commission
EFTA	European Free Trade Association
EIC	European Innovation Council
EIT	European Institute of Innovation and Technology
EIT RIS	EIT Regional Innovation Scheme
ERC	European Research Council
ESIF	European Structural and Investment Funds
EU	European Union
EXCO	Executive Committee
FPA	Framework Partnership Agreement
FS	Financial Sustainability
GB	Governing Board
HR	Human Resources
IAC	Internal Audit Capability
ICC	Internal Control Coordinator
ICT	Information and Communications Technology
JRC	European Commission's Joint Research Centre
KAVA	KIC Added Value Activities
KIC LE	KIC Legal Entity
KIC(s)	Knowledge and Innovation Communitie(s)
KPIs	Key Performance Indicators
LE	Legal Entity
MGA	Model Grant Agreement
MOOCs	Massive Open Online Courses
SGA	Specific Grant Agreement
SIA	Strategic Innovation Agenda
SME	Small and Medium-sized Enterprise
SNE	Seconded National Expert
SPD	Single Programming Document
SUGA	Start-Up Grant Agreement
TA	Temporary Agent
WP	Work Programme

PART I - ACHIEVEMENTS OF THE YEAR

1.1 Incentivising growth, impact and sustainability through the EIT

1.1.1 Consolidating, fostering growth and impact of the KICs

1.1.1.1 Promoting collaboration and competition among KICs

Business Plan assessment and grant allocation for 2021

The process of allocating EIT financial contribution to KICs for the implementation of their 2021 Business Plans was severely delayed due to the late adoption of the EIT Legislative Package for 2021-2027 by the co-legislators. The Council, the European Parliament and the European Commission reached a political agreement on the recast EIT Regulation and the EIT Strategic Innovation Agenda 2021-2027 on 28 January 2021 only. As a result, the EIT Governing Board could formally adopt the principles for the 2021 EIT grant allocation in February 2021, which included two main funds earmarked for implementing (1) the EIT Cross-KIC scheme, including HEI and (2) the KICs' portfolios of activities. For the latter – EIT KIC Fund – the Decision also indicated the distribution among the four waves of KICs as well as the split between support and competitive funding within each wave.

Based on the Decision of the EIT Governing Board, the **EIT invited the eight KICs to submit their Business Plans for 2021** in March 2021 and issued updated guidelines for the business plan preparation. Regarding the competitive funding allocation, the 2021 process was revised with the following scorecard:

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)

** For the fourth-wave KICs only criteria 1, 5 and 6 applied.*

For the Business Plan assessment, the EIT contracted 43 experts from 22 countries, out of which 51% were female experts, in order to support the assessment process of the draft Business Plans of KICs.

The EIT Governing Board – GB Rapporteurs – met with the KICs’ high-level representatives with the main objective to assess how the KICs had addressed the EIT Governing Board’s strategic recommendations issued in November 2019. In preparation for Hearings with the KICs, which took place in November 2020, the GB Rapporteurs analysed the KICs’ strategies and multi-annual progress towards achieving their strategic objectives. The following key strengths and weaknesses had been established as a result.

EIT Climate-KIC has developed some excellent flagship programs: Climathon, The Journey, Climate Launchpad, EIT Climate-KIC Accelerator, Pioneers into Practice, Young Innovators. It is a very active KIC in the cross-KIC cooperation, by effectively leading four cross-KIC projects (CLC Consolidation, Common Outreach, Sustainable cities and Western Balkans) and it participates in eight others. The KIC is also very strong in establishing synergies for example, with the United Nations Framework Convention on Climate Change (UNFCCC) and the Intergovernmental Panel on Climate Change (IPCC). It has started engaging successfully with the Horizon Europe Missions (Mission on Climate Neutral and Smart Cities and Mission on Adaptation to Climate Change). EIT Climate-KIC has also comprehensive EIT RIS offerings to the EIT RIS countries, especially in education and entrepreneurship / business creation areas. EIT Climate-KIC has put synergies with Smart Specialisation Strategies as a high priority. The KIC has established Hubs in all EU Member States that are part of the EIT Climate-KIC’s RIS programme. EIT Climate-KIC’s weaknesses remain in the slow progress towards financial sustainability, the relevance and impact of the Deep Demonstration activities, and the restructuring of the ecosystem.

EIT InnoEnergy has several impressive success stories (e.g. Northvolt, Skeleton Technologies, NAWA) and has made impressive progress towards financial sustainability, developing mechanisms ensuring financial backflow from innovation, education and business creation activities to the KIC Legal Entity. It holds promising assets and has achieved a strong level of revenues meeting its targets. It is on track to reach a strong impact and a good level of financial sustainability by 2024 when the Framework Partnership Agreement will end. The KIC is a leader of the European Battery Alliance, an industrial development programme to establish a competitive and sustainable battery cell manufacturing value chain. It has very good relations with the Energy Union DGs and is seen as a key asset by the Commission. The KIC has contributed to the relevant DG ENER Communication in accelerating the adoption of Clean Energy Technologies. The EIT InnoEnergy Hubs are now established in 13 EIT RIS countries, with CLC offices in Poland, Portugal and Spain. The PowerUP! competition is a model for awareness-raising and engagement with entrepreneurs and innovators from across the EIT RIS countries. The KIC runs its own EIT RIS-specific acceleration programme called Primer. The programme is aimed at pre-accelerating start-ups in the EIT RIS countries for its Highway programme. The KIC has joined the EIT JumpStarter. However, the KIC risks becoming only commercially focussed and not follow in its operations the Knowledge Triangle Integration innovation delivery model. In addition, there is still no gender balance in high-level managerial positions.

EIT Digital effectively implements education activities. It has a well-established portfolio of online courses (offered through global leading platform Coursera), reaching a cumulative total of over 100,000 unique learners who followed one or more EIT Digital MOOCs. The KIC also delivers high-quality Master Schools, integrating the Innovation & Entrepreneurship learning tracks and linking with Summer Schools. The KIC is leading three cross-KIC activities (Artificial Intelligence, Child Obesity and the EIT House) and participates in eleven others. In particular, it successfully coordinates the EIT House activity in Brussels, which was launched in 2017. EIT Digital also hosts the EIT outreach hub in Silicon Valley. In addition, the KIC established a structured dialogue with Member State organisations in areas that are relevant to its business creation and education activities. Financial sustainability remains a weakness, in particular the low revenues generated from the results of innovations. In addition, the KIC is not progressing as planned with the implementation of the EIT Digital RIS strategy and should further advance the implementation of its gender diversity agenda.

EIT Health and the European Investment Fund (EIF), with the strong commitment of the European Commission, launched the European Venture Center of Excellence (VCoE) programme on 5 October 2020. European Commission contributed EUR 150 million to the programme. VCoE is a first of its kind open innovation platform in the Life Science sector in Europe, aimed at fostering collaboration and investment sharing between the venture capital industry and corporates in order to boost investments in highly innovative digital health and life science start-ups. The KIC is disseminating this result and together with EIT is facilitating to extend similar funds for other KICs. In addition, the selection process of innovation KAVAs is solid and with a high quality of external expertise. The KIC is a regular winner of the EIT Innovation Awards. In addition, the KIC was able to select a very impactful portfolio of activities responding to the COVID-19 crisis in a very short period of time. The KIC has an effective cross-KIC cooperation, leading one project (Cross-KIC RIS) and participating in seven other projects (Human Capital, EIT House, Global Outreach, CLC Consolidation, Child Obesity, Innovation Impact AI, and Food for Health). In the Global Outreach activity, the KIC is efficiently leading activities in Israel in a very effective and efficient manner. However, the main weaknesses are: the financial sustainability as the monetary backflow to the KIC is still modest and still relies mostly on membership fees; the KIC should better align its governance and operational model to the EIT Good Governance Principles; the KIC's ambition both in educating greater numbers of entrepreneurs and in supporting them in creating or joining start-ups could be improved.

EIT RawMaterials leads the recently launched European Raw Materials Alliance (ERMA) by the European Commission (DG GROW). The European Raw Materials Alliance (ERMA) identifies barriers, opportunities and investment cases to build capacity at all stages of the raw materials value chain, from mining to waste recovery. The KIC has a strong presence in the Eastern-South Eastern Europe (ESEE) Region/ Western Balkans and is actively involved in implementing EIT RIS activities, including cross-KIC cooperation. EIT RawMaterials actively participates in cross-KIC activities. It leads three projects (Circular Economy, Skills for the Future and the new action to improve the innovation and entrepreneurial capacity of Higher Education Institutions) and participates in nine other projects. However, the KIC's Financial Sustainability model generates rather modest revenues from the innovation, education and business creation activities for the KIC Legal Entity. In addition, the KIC's ambition both in educating greater numbers of entrepreneurs and in supporting them in creating or joining start-ups could be improved.

EIT Food is proactive in engaging with stakeholders and exploring potential synergies. EIT Food runs a specific dialogue with European Commission services and in particular DG RTD – Bioeconomy, responsible for Food2030 policy. EIT Food established the 'EU Policy Council', including several Commission DGs (RTD, EAC, SANTE, AGRI), an advisory board to better align with the EU's research and innovation policies/programmes in the area of sustainable food production. In addition, EIT Food actively participates in cross-KIC activities, leading the Water Scarcity project, the Food for Health project and participating in 10 other projects. The KIC's strategic approach is comprehensive and adequate with a proper focus on Knowledge Triangle Integration (KTI) and placing consumers at the centre. The challenges currently faced by the food sector are properly identified. The expected economic, environmental and societal impact is very well defined in the short, mid, and long term (EIT Food cooperates with JRC on this). However, regarding Financial Sustainability, the KIC does not generate sufficient revenues from its innovation and business creation activities. In addition, calls for activities are closed for non-KIC partners and the Supervisory Board is not sufficiently independent. Finally, the KIC governance model should be further strengthened and the efforts to implement the EIT Regional Innovation Scheme should be improved.

EIT Manufacturing effectively develops synergies, for example already cooperates with the "Trilateral Collaboration on I4.0" launched in 2016 by France, Germany and Italy. EIT Manufacturing is aligned and collaborating with the World Economic Forum (WEF), particularly with its programmes on "Shaping the Future of Advanced Manufacturing and Production" and the "Advanced Manufacturing Industry Taskforce on the Future of Work". The KIC is actively involved in nine cross-KIC activities. In addition, the KIC leads one of the innovation cross-KIC activities (e.g. End-to-end digitalised production test beds). The KIC is involved in the secretariat of ETV programme as contracted by DG

ENV in the context of the Cross-KIC activity on Circular Economy. EIT Manufacturing Hubs already are located in 13 EIT RIS countries (Estonia, Czech Republic, Greece, Lithuania, Portugal, Slovakia, Bulgaria, Croatia, Hungary, Latvia, Poland, Romania, Slovenia and has two Co-Location Centres in RIS countries (Italy and Spain). However, the approach towards financial sustainability requires further strengthening. In addition, the KIC governance model should be further strengthened, in particular the gender diversity should be ensured in the KIC's management.

EIT Urban Mobility's readiness to establish concrete synergies and complementarities with the EU and other relevant global, regional, national initiatives is evidenced. The KIC established links and nominated SPOCs for relevant DGs or agencies. The KIC started a cooperation with the Joint Research Centre. The KIC ensures its visibility at the sector's most relevant and prestigious events elevating its and the EIT's position and visibility (e.g. ITS Europe Congress, the SUMP conference). The KIC reacted very well to the COVID-19 crisis resulting in a successful Crisis Response Initiative Call, especially concerning the Pandemic Response projects and the Mobility Talks initiative. In 2020, EIT Urban Mobility has established EIT RIS Hubs in seven countries: Greece, Hungary, Malta, Poland, Portugal, Serbia and Slovenia. In addition, the KIC has joined the EIT RIS cross-KIC activity and participates in the EIT Jumpstarter. However, the Financial Sustainability approach requires further clarification. In addition, the KIC needs to increase its administrative and financial capacities, both within the management team and at the operational level. Finally, the KIC governance model should be further strengthened by ensuring better transparency to partners and EIT and increasing the diversity of the supervisory and management bodies.

EIT Governing Board Hearings with the KICs as part of the 2021 funding allocation process were held on 24 - 26 November 2020. The Hearings – fully online due to the Covid-19 restrictions - followed the successful format from the previous year with a longer interactive Q&A session, allowing an in-depth discussion with the KIC representatives and thus providing the EIT Governing Board with information for their decision-making. The EIT Governing Board decided on the maximum financial contribution to the KICs after all criteria were assessed based on the formal KIC Business Plans at the beginning of March 2021 (EIT GB Decision No 07/2021).

As a result of the competitive funding allocation process, the following amounts were allocated by the EIT GB to individual KICs for 2021, excluding the amounts earmarked for EIT RIS and cross-KIC activities:

- **EIT Digital:** EUR 29,822,448
- **EIT InnoEnergy:** EUR 43,011,174
- **EIT Climate-KIC:** EUR 25,066,884
- **EIT Health:** EUR 49,493,697
- **EIT RawMaterials:** EUR 58,276,456
- **EIT Food:** EUR 55,642,786
- **EIT Manufacturing:** EUR 33,642,786
- **EIT Urban Mobility:** EUR 31,624,218

In addition, the EIT GB earmarked EUR 32,000,000 for the implementation of EIT Cross-KIC activities, including shared services as well as EUR 12,000,000 dedicated to a new pilot to help develop the entrepreneurial and innovation capacity of Higher Education Institutions ('Cross-KIC Fund').

The EIT Governing Board also issued strategic recommendations to each KIC to further improve in key areas. Similar to the 2020 funding allocation process, the strategic recommendations by the EIT Governing Board also included more immediate conditions to be addressed in areas where further progress was expected from KICs. These included issues across all KICs requiring immediate action in the Business Plans 2021 and beyond. Furthermore, due

to the nature of strategic weaknesses revealed by the EIT GB in the case of EIT Climate-KIC and EIT Digital, KIC-specific conditions on Financial Sustainability were formulated making them conditional to the signature of the Business Plan 2021.

Report assessment and verification of Grant Agreements 2019

Ex-ante assessment and payments

Between April and August 2020, the EIT carried out the **ex-ante verification of KIC Reports on the execution of the 2019 Business Plans**. The assessment encompassed different operational and financial elements such as completeness and consistency check, performance assessment including KPIs, as well as verification of cost eligibility. External experts supported the EIT, in particular for the performance assessment. The financial assessment was largely based on Certificates of the Financial Statements (CFs) obtained mostly from two independent audit firms contracted by the EIT. At the final stage of the process, a resolution meeting was organised between the EIT and each of the KICs to conclude on the last outstanding issues in an efficient and timely manner. The outcome of the assessment was thoroughly documented for each KIC in the form of an EIT assessment report including several annexes.

For the implementation of 2019 Specific Grant Agreements, the validated core KPIs are presented in Annex I.

The EIT finalised the 2019 KIC Report assessment and communicated the outcome to KICs in July 2020. The exercise covered the 2019 implementation of six KICs as well as the start-up phase for the two new KICs. As a mitigation measure to cash flow problems of KICs caused by the pandemic crisis, final balance payments were anticipated and transferred to KICs already in May. The H2020 Guarantee Fund was released in August after the approval of the KIC Reports. The results of the ex-ante verification in relation to the 2019 grants were taken into account in the allocation of the 2021 grants as part of the past performance pillar.

For the 2019 Specific Grant Agreements, the main financial parameters are as follows:

	EIT Climate-KIC	EIT Digital	EIT Inno Energy	EIT Health	EIT Raw Materials	EIT Food	EIT Urban Mobility	EIT Manufacturing	TOTAL
EIT grant awarded (MEUR)	86.3	81.9	90.4	86.3	79.1	43.7	4.0	4.0	475.7
EIT grant requested (MEUR)	86.2	70.2	90.4	81.0	75.8	40.0	4.0	3.7	451.2
EIT grant approved and paid (MEUR)	85.0	70.2	89.7	81.0	75.0	39.3	3.7	3.5	447.4
Difference grant awarded vs. paid (MEUR)	1.3	11.7	0.7	5.3	4.0	4.4	0.3	0.5	28.2
Absorption rate (%)	98.49	85.76	99.20	93.88	94.88	89.84	93.39	87.68	94.07
Ex-ante error rate in KAVA costs declared (%)	1.49	0.21	2.51	1.72	1.03	1.77	3.43	4.13	1.49
Reimbursement rate of eligible KAVA costs (%)	75.27	73.69	83.46	93.15	82.80	81.66	90.82	100.00	81.51

Result of ex-post audits

Ex-post audits of cost reports related to Specific Grant Agreements 2018 were performed by an external service provider selected under a Framework Contract of the European Commission. In accordance with the audit

programme developed by the EIT based on H2020 standards, 27 KIC Partners (7 for EIT Climate-KIC, 6 for EIT Digital, 4 for EIT InnoEnergy, 4 for EIT Raw Materials, 5 for EIT Health and 1 for EIT Food) were selected for ex-post audits.

In order to ensure representativeness, the KIC Partners in the sample were selected by applying the monetary unit sampling (MUS) method. At the second stage, as a general rule, 6 cost items were selected for each entity for testing by applying again MUS method. The sampling was done in collaboration with the European Court of Auditors, as the Court relies mostly on the results of ex-post audits when drawing its opinion on the legality and regularity of grant implementation by the EIT.

The ex-post audit process was completed in March 2020. The audited KAVA cost covered 2.41% of the KAVA cost approved for the Specific Grant Agreements 2018. As a result of the ex-post audits, the detected error rate in grants equals 1.41%, on the basis of the 178 cost items for 27 KIC partners in the ex-post audit sample. As consequence, an amount of EUR 20,165.42 was recovered from EIT Health and an amount of EUR 5,402.48 was recovered from EIT RawMaterials. The residual error rate after recoveries is 1.40%.

Ex-post audits of cost reports related to Specific Grant Agreements 2019 were performed by an external service provider selected under a Framework Contract of the European Commission. In accordance with the audit programme developed by the EIT based on H2020 standards, 28 KIC Partners (5 for EIT Climate-KIC, 5 for EIT Digital, 4 for EIT InnoEnergy, 5 for EIT RawMaterials, 5 for EIT Health, 3 for EIT Food and 1 for EIT Manufacturing) were selected for ex-post audits. The results of ex-post audits 2019 will be available later in 2021.

Contracting and amendment of legal framework

In 2020, six Framework Partnership Agreements (FPAs) were in place and the total number of eligible participations in the six KICs surpassed 2,850.

As regards the two new KICs, the FPA was signed between EIT and EIT Urban Mobility on 26 March 2020 (49 partners and 5 linked third parties listed in its annexes), and between EIT and EIT Manufacturing on 14 April 2020 (50 partners and 1 linked third party listed in its annexes). Both Framework Partnership Agreements entered into force with retroactive effect on 1 January 2020.

During the year 2020, the following changes in the KIC Partnership and list of linked third parties had been requested from the eight KICs through **FPA amendments** and processed by the EIT. This formally represented 27 FPA amendments related to the partnership and linked third parties signed.

KIC Name	ENTRY 2020	EXIT 2020
EIT Climate-KIC	59	0
EIT Digital	106	4
EIT InnoEnergy	49	0
EIT Health	95	0
EIT Raw Materials	51	1
EIT Food	89	0
EIT Urban Mobility	144	n/a
EIT Manufacturing	109	n/a
Total	702	5

The substantial increase of the number of Partners and linked third parties in 2020 demonstrated well the continued attractiveness of the EIT-KIC model and the openness of the EIT Community. It was also affected by high numbers of entries for the two new KICs, EIT Urban Mobility and EIT Manufacturing.

In the first quarter of 2020, the Specific Grant Agreements (SGA2020) were signed with eight KICs between 20 February and 21 April 2020. The **average Time-To-Grant** from the submission of 2020 Business Plans to the signature of the Specific Grant Agreements was **187 days (27% increase as compared to the SGA2019 average time-to-grant – 148 days)**. The increase is a direct consequence of the need to sign the FPAs before for the new KICs - EIT Manufacturing and EIT Urban Mobility – which were delayed due to some late registration of some Co-Location Centre legal entities which was a precondition to sign them. In any case, this indicator is 24% lower than the H2020 target of 245 days (eight months). In Q2 2020, the eight SGAs were amended due to the Crisis Response Initiative (CRI) additional funding allocation. In Q4 2020, the eight SGAs were again amended also including the activities resulting from the CRI.

Additionally, one more Grant Agreement amendment was signed in Q2 2020 between EIT and EIT Manufacturing due to the conditions set in the Financial Allocation 2020 with this KIC.

Additional funding allocation for 2020 in response to the COVID-19 crisis

2020 was largely affected by the global spread of the COVID-19 crisis, affecting all aspects of our lives. The EIT Community’s immediate response to the crisis has been focussed on the most vulnerable beneficiary groups affected by the crisis, i.e. students, entrepreneurs (ventures, scale-ups and SMEs) and innovators, as well as on measures that can help solutions to the COVID-19 crisis. On this basis, in May 2020 the EIT Governing Board decided to mobilise 60 MEUR of unallocated EIT funds to further accelerate and support these efforts as the EIT Crisis Response Initiative (CRI). These funds supported new projects and ventures responding to the COVID-19 crisis via the following two actions:

- Venture Support Instrument to provide targeted support to high impact and growth potential ventures, scale-ups and SMEs during the crisis and adapt/accelerate to the post-crisis economic reality;
- Pandemic Response Projects to generate and implement short-term innovation response projects directly addressing the COVID-19 crisis and make a significant impact.

At the end of June, the EIT Governing Board decided on the funding per KIC as follows, based on the assessment of the KIC proposals made by the EIT with the help of external experts:

KIC Name	Funding per KIC, EUR
EIT Climate-KIC	8,414,250
EIT Digital	7,646,945
EIT InnoEnergy	7,388,122
EIT Health	9,850,830
EIT Raw Materials	9,789,262
EIT Food	10,261,281
EIT Urban Mobility	3,283,610
EIT Manufacturing	3,365,700
Total	60,000,00

Improving the grant assurance framework

As regards ex-ante verifications, the EIT continued to contract providers of CFSs using its own framework contract. Moreover, for SGA 2020, CFS providers were also contracted through the Shared Services Cross-KIC activity. This centralised approach showed substantial improvement in the quality of CFSs. This allowed the EIT to reduce its own samples for ex-ante analysis and focused on the follow-up of CFS findings, therefore, a higher degree of assurance can be achieved in a more efficient way. Lessons learnt were taken into account when designing the ex-ante verification of the next grant cycle in the second half of 2020. Furthermore, enhancements were made to the Business Planning and KIC Reporting Guidelines and methodologies.

Actions	Indicator	Target	Achievement/results
Grant allocation process / programming	Effectiveness and timeliness of funding allocation to eight KICs under grant allocation process 2021	Full allocation of available funds to eight KICs by Q4 2020 and implementation of the simplified rules to improve the Business Plans 2021	<p>EIT grant allocation to 8 KICs initiated and 8 Business Plans assessed in Q4 2020.</p> <p>Business Plan evaluation completed in January 2021.</p> <p>Cross-KIC and EIT RIS activities identified and included in the Business Plans – September 2020.</p> <p>EIT Governing Board decision on 2021 financial allocation to KICs in February 2021.</p> <p>Lessons learnt on grant allocation 2020 channelled into the work of a dedicated simplification working group.</p>
Contracting, pre-financing, and amending FPAs and SGAs	Timely signature of Specific Grant Agreement(s) and the amendment(s)	<p>Signature of Specific Grant Agreements 2020 by end February 2020</p> <p>Signature of amendments of the</p>	<p>8 Specific Grant Agreements 2020 signed and related pre-financing payments made in Q1 2020. Stage-gate assessment carried out for EIT Climate-KIC and EIT Manufacturing in Q2 2020 (in this case an SGA Amendment was needed).</p> <p>8 Specific Grant Agreement amendments in Q2 to include the Crisis Response</p>

	Timely signature of two FPA for new KICs	Specific Grant Agreements 2020 by end of 2020 (if applicable). FPA with effect as of 1 January 2020 ready for signature by January/February.	Initiative allocated funding and 8 more Specific Grant. Agreement amendments signed by end 2020, including the content results from the Crisis Response Initiative. As regards the two new KICs FPAs, one was signed in March 2020 and one in April 2020 mainly due to some late registration of Co-Location centre legal entities which was a precondition.
Partnership Management and continuous support	Timely processing of changes in the KICs partnership requested by the eight KICs.	Confirmation communicated to the KICs within 60 days of the requests.	27 FPA amendments related to partners and linked third parties' entries or exit signed. Assessment for entities being part of BP2021 started for all eight KICs.
Improving the grant assurance framework through support, guidance and control of KICs	Timely issuance of internal and KIC guidance documents and replies to KIC queries	Formal guidance documents issued to KICs and all KIC queries followed up	Formal guidance documents shared to KICs via Task Force Simplification group (TFS) in due time, as well as KIC could anytime consult reference documents (guidelines, templates) via EIT shared 'References' folder on an external site (Duna/Share point in 2020). Continuous queries from KICs responded in timely manner.
Improving the grant assurance framework through support, guidance and control of KICs	Smooth transition to Horizon Europe ensured	EIT processes updated based on collaboration with H2020 Common Implementation Centre focussed on transition to Horizon Europe and full integration into	Transition priorities were initiated and implemented with the Horizon Europe Common Implementation Centre and the EC Legal Service based on a mutually agreed roadmap between

		<p>Commission services for IT, audit, legal and BI ongoing</p> <p>Continuous guidance provided to KICs to prepare and facilitate their transition to Horizon Europe.</p>	<p>EC and EIT. This included the drafting and consultation of EIT-specific Partnership Agreement and Annex 5 of the HE Model Grant Agreement the tailoring of HE proposal and reporting templates to EIT needs where relevant. The EIT environment to configure the EIT into the HE it tools was also set. EIT integration to the CORDA reporting tool was initiated, in consistency with the preparatory steps to EIT new DATA model structure.</p> <p>Guidance documents, draft agreements as well as an explanatory note on changes were shared to KICs via Task Force Simplification group (TFS) in due time.</p>
Grant Management Platform (IT)	<p>Timely revision and comprehensiveness of the Reporting, Business Planning and Partnership Management modules of the EIT's grant management platform</p> <p>Improved Business Intelligence (BI) available</p>	<p>Reporting 2019 (Q1) and Business Planning 2021 (Q3) and Partnership Management (Q2) IT tools are effective and fully in use, users at EIT and KICs adequately supported and trained</p> <p>Improved BI fully in use</p>	<p>EIT grant modules used to plan and report and support partner management were kept operational, adjustments necessary were processed.</p> <p>EIT BI tool was updated with 2019 reported figures, Power BI tool is in use to provide reports to different stakeholders. Improved BI strategy is being assessed in the context of the EIT integration to EC grant management and reporting tools.</p>

<p>KIC reporting, EIT ex-ante verification (including performance and costs assessments), final balance payments</p>	<p>Timely processing and finalisation of ex-ante verifications of 2019 KIC Reports for six KICs and the SUGA (Start Up Grant Agreement) 2019 for EIT Manufacturing and EIT Urban Mobility</p>	<p>KIC Reports on implementation of 2019 Business Plans and SUGA Reports verified by end-July 2020 and final balance payments made by end-August 2020</p>	<p>All KIC Reports submitted in March 2020.</p> <p>Ex-ante verification completed for all KICs in July 2020, documented in comprehensive notes for the file.</p> <p>Letters concluding on ex-ante verification sent out to all KICs in July 2020.</p> <p>Final balance payment transferred to all KICs in May 2020 and the H2020 Guarantee Fund was released in August 2020.</p> <p>Past performance reports completed for all KICs contributing to 2021 grant allocation.</p> <p>Lessons learnt incorporated in guidelines and KIC reporting methodology 2020.</p>
<p>KIC reporting, EIT ex-ante verification (including performance and costs assessments), final balance payments Ex-post audits</p>	<p>Timely contracting of the CFS audits for the 2020 KIC Report assessment</p>	<p>For the 2020 cost verification specific contract(s) with CFS auditors signed by Q4 2020</p>	<p>All partners falling under the CFS obligation (311) are covered either by EIT's relevant Framework Contract (210) or as part of a pilot Shared Service CFS contract (101).</p>
	<p>Timely processing and finalisation of ex-post audits</p>	<p>In relation to SGA 2018, audits completed by April 2020</p> <p>In relation to SGA 2019 and SUGA 2019, auditors selected by Q4 2020</p>	<p>Ex-post audit completed (27 final ex-post audit reports) in March 2020 on SGA 2018.</p> <p>Recovery for due amount was performed.</p> <p>Contracts were signed in October 2020 for ex-post audit on SGA 2019, 28 KIC Partners were selected for</p>

			audit in coordination with the ECA.
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1.1.1.2. Knowledge Triangle Integration (KTI)

Implementation of the EIT Label

In 2020 the EIT continued with a wider revision of its EIT Label model, based on the results and conclusions from the external experts and taking on board also feedback from the main stakeholders in the process (Innovation Communities, participating universities and DG EAC). The key objective was also to update the EIT Label in the direction foreseen by the EIT SIA 2021-2027.

The EIT adopted an EIT Label Revision Action Plan which outlines 10 concrete measures and identifies the next steps in the coming 3 years that the EIT will take in order to implement selected relevant recommendations. In 2020, EIT has started with 3 actions:

- Action 1 – New updated version of the EIT Label Framework for the next period (2021-2027)
- Action 2 – New version of the EIT Label Handbook for Masters and Doctoral programmes
- Action 3 – Explore the possibility to develop the EIT Fellowship idea and suggest possible scenarios

As a result, the EIT Governing Board has adopted the new EIT Label Framework on 17 March 2021 and the EIT subsequently developed also a new EIT Label Handbook. Two KICs, EIT Climate-KIC and EIT Food, started piloting their specific scenarios that will feed into developing the future EIT Fellowship model.

In 2020, EIT also conducted a standard round of EIT Label assessment. The panel of three independent experts recommended all 12 applications for awarding the EIT Label. Out of the 12 programmes, 4 are Doctoral and 8 Masters programmes. Due to the COVID-19 situation, the EIT decided to prolong the validity of the EIT Label by one year for 16 programmes that were due for renewal in 2020.

Implementation of pilot education initiatives to develop skills and competencies for the future and Digital Education Action Plan (DEAP)

In 2020, more than 550 female students participated in the EIT’s ‘Entrepreneurial and Digital Skills’ workshops organised in Bulgaria, Greece, Poland, Romania and Spain.

This project was part of the Digital Education Action Plan adopted by the European Commission, which supports the development of digital competencies in education across Europe. More specifically, it delivers on the ‘Training in Digital and Entrepreneurial Skills for Girls’ action, focused on promoting positive role models and enhancing entrepreneurial and digital skills to tackle the gender gap and boost female participation in science, technology and business.

Throughout the workshops, inspirational role models shared their experience and enthusiasm with the participants and provided inspiration for the future. Although the workshops were originally planned to be a series of face-to-face workshops, due to Covid-19 outbreak only two workshops were held physically, while they were redesigned to be delivered via an online format.

Also in 2020, within the Girls go Circular project implemented under Cross-KIC Skills for the Future, over 1000 young women participated in online trainings, using digital media as a platform to study, work and develop ideas, but also as a means to train their leadership skills.

Further develop the Knowledge Triangle Integration agenda

In many areas the EIT Innovation Action Plan was implemented very well, in particular increasing openness and transparency of the selection procedures, more adequate formulation of expectations from the EIT regarding the KICs innovation activities helped to increase the KICs' focus on market-driven innovation activities (this was mainly achieved through the adoption of the EIT Innovation Principles and further development of the EIT Financial Sustainability agenda). Strengthening and structuring the IP agenda is also considered a key achievement of the EIT Innovation Agenda implementation. One of the most important achievements is also a well-functioning EIT-KICs Innovation Panel, which is facilitating the exchange of good practices, establishing relevant synergies, further integrating the KTI approach, supporting a cross-KIC collaboration, and helping the implementation of the EIT driven agendas (such as the Crisis Response Initiative in 2020). In the last years, KICs also started implementing innovation-driven cross-KIC activities. Now KICs are implementing seven innovation-driven cross-KIC activities: Artificial Intelligence cross-KIC, Circular Economy cross-KIC, Water Scarcity cross-KIC, Digital Test-Beds cross-KIC, Combating Child Obesity cross-KIC, Sustainable Cities (now New European Bauhaus) cross-KIC and Healthy Food cross-KIC.

On the other hand, there are still areas for improvement. For example, KICs started exploring collaboration opportunities in a form of the shared services only recently and one of the challenges for the next years would be a facilitation of interactions among the KICs to effectively put in place KICs' joint initiatives. Another area for further development is supporting KICs in strengthening their dissemination efforts. All these areas for improvement will be addressed in the objectives of the Innovation Agenda for 2021.

Actions	Indicator	Target	Achievement/results
Implementation of the EIT Label	Impactful and harmonised approach implemented to EIT Labelled masters, doctoral programmes and other education programmes ensuring learning outcomes are achieved, including revision of the Label provisions.	Standard round of assessment of new programmes (and programmes applying for re-labelling) organized Framework for EIT Label 2.0 in place for 2021-2027 period.	Standard round of assessment conducted. 12 programmes out of 12 awarded the Label. Due to the COVID-19 situation, the EIT decided to prolong the validity of the Label by one year for 16 programmes which were due for renewal in 2020. New EIT Label Framework created (and adopted by the GB on 17 March 2021).

<p>Implementation of pilot Education initiatives to develop skills and competencies for the future and Digital Education Action Plan (DEAP)</p>	<p>Contribute to the EU's Digital Education Action Plan by developing digital skills for girls in secondary education</p>	<p>Phase-out trainings organized by EIT directly and monitor implementation by KICs</p> <p>Train up to 550 young women aged 12-18 years for entrepreneurial and digital skills in EIT RIS countries by Q2 by finalizing 2019 trainings:</p> <ul style="list-style-type: none"> - Young women trained directly by the EIT - Young women trained through KICs or with cooperation agreements with national authorities, business and foundations. 	<p>Trainings for 553 young women organised. Training reports provided by contractor selected by the EIT.</p>
<p>Implementation of the EIT Innovation Action Plan</p>	<p>Increase effectiveness and efficiency of the KICs innovation agenda</p>	<p>Implementation of the Innovation Action Plan by Q4, including the innovation project principles.</p>	<p>The implementation of the Innovation Action Plan was satisfactory.</p>
<p>Conclusion and implementation of Memoranda of Understanding with EU Member States eligible for the EIT RIS</p>	<p>Reinforcing mutual information sharing and dissemination, as well as, exploiting synergies and complementarities.</p>	<p>Conclude and implement at least 3 Memoranda of Understanding with EU Member States eligible for the EIT RIS and assess their effectiveness</p>	<p>3 Memoranda of Understanding were concluded with Malta, Bulgaria and Lithuania, complementing the Memorandum of Understanding with Hungary signed in 2019.</p> <p>Implementation of all 4 Memoranda of Understanding, through jointly drawn up individual Action Plans, took place.</p>

1.1.1.3. Fostering growth and creating impact

Promoting synergies with other EU initiatives

In 2020, the EIT undertook preparatory action to establish concrete synergies between the EIT Community and the European Structural and Investment Funds (ESIF) from 2021 with the support of an external expert. In December 2020, the EIT reached out, on a pilot basis, to seven Member States, to kick-start a discussion towards establishing concrete synergies by gauging their interest in establishing synergies with the EIT Community, as well as understand their Smart Specialisation priorities for the 2021-2027 period. Initial contacts were also made with the European Commission in order to explore potential synergies between EIT Community activities and the Instrument for Pre-Accession.

Implementation of the EIT-JRC MoU

In the area of Smart specialisation and Regional outreach, a joint workshop was held on identifying synergies with ESIF, focusing on EIT RIS countries. In the area of Education, Training, Skills, several exchanges were held on the progress made in higher education and European Universities. Furthermore, a joint workshop on the conceptualisation of the Regional Innovation Impact Assessment Framework (RIIA) took place. In other areas identified as common interest there was no progress in 2020. Following stocktaking at the end of 2020, the EIT sent a proposal to the JRC identifying potential joint activities for 2021-22: CCSI call promotion; HEI action; Cross-KIC EIT Regional Innovation Scheme; Cross-KIC New European Bauhaus; IP Rights; TTO cycle incl. Smart specialisation.

Identifying, codifying and disseminating good practices and learnings

Further to the approval of the EIT concept paper in this area as a basic framework, the EIT identified and codified first sets of good practices for example through a mapping of relevant KIC activities with the help of external experts. Good practices captured were disseminated to different stakeholder groups (incl. representatives of Managing Authorities in Member States) and different dissemination channels (e.g.: via online workshops). The partnering with multiplier organisations to support the dissemination of results was prepared in the form of an expert report outlining in detail organisations to be considered as future dissemination partners.

Actions	Indicator	Target	Achievement/results
Promotion of synergies with other EU initiatives	Added value priority synergies of EIT with other EU programmes and initiatives in place	Put in place structured cooperation, in particular with the Commission – European Innovation Council, European innovation ecosystems, R&I missions, Structural and Cohesion Funds (including Smart Specialisation Platforms, thematic smart specialisation platforms and the interregional	Seven Member States were approached by the EIT, on a pilot basis, to kick-starting a bilateral discussion towards establishing concrete synergies between ESIF and EIT Community activities. Initial contacts were also made with the European Commission in order to explore potential synergies between EIT Community activities and the Instrument for Pre-Accession. Access to Finance (A2F) cross-KIC KAVAs were developed to start in

		<p>innovation investment pilot), EIB/EIF (including InvestEU) and Instrument for Pre-Accession (IPA).</p> <p>Ensure fulfilment of the Horizon 2020's cross-cutting mainstreaming target to invest at least 35% of the budget on climate-related objectives.</p>	<p>2021 to handle collaborations with EIF (Education, RIS, financial instruments), EIB (project finance) and EIC (implementation of the EIT – EIC MOU signed early 2021).</p>
Implementation of the EIT-JRC MoU ⁵	Mutual value creation between EIT and JRC	<p>Selected joint activities with JRC within the identified priority areas linked to EIT core tasks</p>	<p>Two activity areas developed further while no progress was made in other areas in 2020.</p> <p>Area 1: Smart specialisation/Regional outreach – workshop held on identifying synergies with ESIF, focusing on EIT RIS countries.</p> <p>Area 2: Education, Training, Skills - Exchanges on the progress made in higher education and European Universities; conceptualisation and workshop on Regional Innovation Impact Assessment Framework (RIIA).</p>
Identification, codification, dissemination of results, lessons learnt and good practices	EIT effectively disseminates results and best practices	<p>EIT disseminates 3 sets of results and good practices and adopts a dissemination plan.</p> <p>Monitoring report and action plan of KIC dissemination and exploitation activities in place.</p> <p>EIT activates two multiplier organisations to support dissemination</p>	<p>Approval of concept note with action plan.</p> <p>Dissemination of three sets of results/good practices among and beyond KICs.</p> <p>Draft mapping report of KIC dissemination activities.</p> <p>Draft report on potential partnering with multiplier organisations.</p>

⁵ In order to facilitate the cooperation between the EIT and the JRC, a staff member of the JRC has been seconded to the EIT since August 2018 for a duration of 2 years.

		of results.	
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1.1.2 Creating new KICs

Prepare the 2021 KIC call package

Due to the delays in the negotiations for the Multiannual Financial Framework 2021-27, Horizon Europe and EIT legislative package, the EIT was not in the position to prepare the call package by Q4 2020. However, based on available information different scenarios/ roadmaps were prepared considering lessons learnt.

Raise awareness and promote the EIT's 2021 Call for Proposals

The plans for 2020 changed as a result of the delays in the adoption of the relevant legislative package and some activities were postponed to 2021. Nevertheless, the EIT prepared a visibility note, outlining different scenarios for communications and stakeholder engagement activities depending on the final timeline for the Call for Proposals. The EIT also started participating in some events and meetings linked to the theme of the call (including the European Creative Industries Summit organised by the German Presidency of the Council) and prepared a first video for the promotion of the call that could be disseminated to external stakeholders, making them aware of this upcoming opportunity for 2021.

Actions	Indicator	Target	Achievement/results
Preparation of the Call package for the 2021 call	The call package approved by the EIT Governing Board	Call package approved by Q4 2020	Preparation of different/ scenarios/ roadmaps.
Communications activities linked to the EIT's 2021 Call for KIC proposals	Effective awareness, information, and promotion campaign for the EIT's 2021 Call for Proposals for KICs, targeting relevant stakeholders and potential applicants to maximise participation	Awareness and information activities implemented by the end of 2020 Preparation of the Information Day to be held in Q1 2021	Visibility note development based on different scenarios, attendance of thematic relevant events, and promotion on EIT channels, incl. through a dedicated video. Postponed to 2021 due to delays in adopting the EIT legislative package 2021-2027.

1.2. Enhancing the EIT’s impact

1.2.1. The EIT’s next Strategic Innovation Agenda (SIA) 2021-2027

Preparation for implementation of the implementation of SIA as of 2021

During the course of 2020, the EIT continuously and closely monitored, thoroughly analysed, and whenever requested by the European Commission, substantively supported, directly or indirectly, the inter-institutional negotiations on the Multiannual Financial Framework (2021-2027), the Horizon Europe Legislative Package and in particular, the EIT Legislative Package, with a view to their successful completion. Throughout the process, the EIT undertook all relevant preparations, including adjusting its strategic planning, to match the evolving status of the negotiations on the EIT SIA.

Preparation for implementation of the new EIT Action to increase innovation and entrepreneurship capacity of Higher Education

Throughout 2020 the EIT has progressed successfully with the preparation and implementation of the new EIT Action to increase innovation and entrepreneurship capacity of Higher Education as proposed in the Commission Proposal for the SIA 2021-2027. The work started with the development of the main concept and EIT has invited KICs’ representatives to engage in a joint discussion.

The development of the new action emphasized that the concept of the action must be based on the KTI principles, and implementation of the action must be based on the EIT’s added value and on what KICs can effectively offer. It was agreed that while the final version of the SIA 2021-2027 is still being negotiated, the EIT and the KICs shall work towards creating a concept for pre-piloting activities in 2021 in order to be able to start with the pilot stage once the SIA is adopted. As a result, the pre-pilot project proposal successfully started in 2021 as expected.

Actions	Indicator	Target	Achievement/results
Follow-up and preparation for the implementation of the SIA as of 2021	EIT readiness to implement new SIA, in particular, any new mandate entrusted to it	Monitoring of negotiations and adjust EIT strategic planning to new SIA.	Continuously monitored, analysed and whenever requested provided support the European Commission in the negotiations on the Multiannual Financial Framework (2021-2027), the Horizon Europe Legislative Package and the EIT Legislative Package. Undertook all relevant preparations, including adjustment to the EIT strategic planning, to match the evolving negotiated status of the EIT SIA.

Preparation for the implementation of the new EIT Action aimed at supporting the innovation and entrepreneurial capacity of HEIs	EIT implements the new action included in the Commission proposal for the EIT SIA 2021-2027	Readiness to implement new action as of 2021 (pilot), if adopted	Concept of the new action developed. Pilot implementation fully prepared and launched in 2021 as expected.
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1.2.2 Fostering knowledge exchange through communications and dissemination

1.2.2.1. Fostering knowledge exchange through communications

The EIT communications strategy continued to be implemented in 2020, helping to raise the visibility of the EIT Community’s achievements and activities towards stakeholders and audiences. Plans for 2020 were significantly impacted by the COVID-19 pandemic hitting Europe as of March 2020, making in-person events near to impossible, and making it harder to gain a share of voice in the media and across social media channels.

However, EIT communications quickly adapted to this ‘new reality’, launched new digital formats and tools and supported the promotion of the EIT Crisis Response Initiative, including campaigns across social media channels, digital press briefings and close coordination with the EIT’s eight KICs for a consistent approach and messaging alignment. This led to significant visibility across all EIT channels and helped contribute to the EIT Community’s agile response to the crisis. Putting the spotlight on key representatives and concrete entrepreneurial examples and solutions emerging from the EIT Community helped demonstrate the EIT’s contribution to the crisis in a tangible manner for its audiences, including citizens, across Europe.

EIT communications also continued to play a key role in supporting the organisation and promotion of key EIT events such as the EIT Awards and the EIT Stakeholder Forum as well as the EIT’s participation in external events including the EU Research and Innovation Days. This included social media and media campaigns and dedicated press briefings for journalists. EIT media coverage included positive tonality articles in a wide range of print and online outlets, such as Forbes, ANSA, HVG, Business Insider, ABC Spain, Science Business, Euractiv, EU Reporter, Latvijas Avize, Publico to name but a few.

The EIT also began preparations for its new website with the development and adoption of a concept note meanwhile maintaining its current website up to date and launching new features such as the opportunities page, the COVID-19 section, the document registry, etc. New social media content types were introduced to highlight EIT activities and innovators supported by the EIT Community. This included EIT Take Overs, where EIT Community innovators take over the EIT’s Instagram account and present behind-the-scenes insights into the life of an entrepreneur, and EIT Checks In, an inspiring video interview series between members of the EIT Community.

As a result of its communications and promotion actions throughout 2020, the EIT saw a 140% increase in media mentions, a 13.2% increase in visitors to the EIT website as well as a steep follower and engagement growth on social media channels with a 20.3% increase of followers.

Actions	Indicator	Target	Achievement/results
<p>EIT Corporate Communications</p>	<p>Increase in EIT visibility and awareness</p> <p>Timely communication of EIT Community news to the target group</p> <p>Effective and coordinated communication in the EIT Community</p>	<p>5% increase in unique visitors to the EIT website in 2020 compared to 2019 unique visitor statistics</p> <p>Launch of a new website in Q1 2021</p> <p>Monthly newsletter issued</p> <p>EIT activity reports for key internal stakeholders prepared per quarter</p> <p>Enhanced communication efforts of the EIT community through regular meetings and coordinated actions to enhance EIT Community visibility, branding, communication of EIT activities and awareness</p>	<p>2019: 418 974 unique visitors 2020: 474,119 unique visitors → 13.2 % increase</p> <p>Preparations began for the development and the concept note was approved. Due to unplanned resource changes in the team the launch of the new website was moved to Q4 2021.</p> <p>17 newsletters sent to newsletter subscribers, including 4 special edition newsletters for key announcements and events.</p> <p>12/2019 – 7172 subscribers 12/2020 – 8597 subscribers → 19,87% increase</p> <p>4 Activity Reports were issued.</p> <p>One full day physical meeting, two ½ days digital meetings (as a result of COVID-19 pandemic) and monthly calls with EIT Community Communications Working Group in 2020 to coordinate EIT Community communications and branding leading to increased consistency in communications of EIT</p>

			Community activities, including for the EIT Crisis Response Initiative.
Implementation of the updated EIT communication strategy through the 2020 Integrated Communications Campaign and additional actions	<p>Increased visibility and awareness of the EIT among EIT key stakeholders and the wider public.</p> <p>Quantitative and qualitative increase in EIT media coverage</p> <p>Quantitative increase in likes/followers on Facebook, Twitter and LinkedIn accounts</p> <p>Implementation of additional measures based on updated Communications Strategy</p> <p>Innovation examples showcased</p>	<p>Based on results and achievements from EIT Community, create engaging stories about innovators and entrepreneurs.</p> <p>5% increase in EIT press (print and online) coverage in 2020 compared to 2019 statistics</p> <p>10% increase in the number of users liking or following EIT social media channels: Facebook, Instagram, LinkedIn, and Twitter in 2020 compared to 2019 statistics.</p> <p>Effective EIT communication and media actions to reach a wider audience/ citizen engagement by focussing on EIT's contribution to societal challenges and achievements. Implementation of 2020 measures of the Communication Strategy</p> <p>Innovation Tour and showcasing at INNOVEIT, EIT, EIT House, EP and in</p>	<p>Achieved through various activities including EIT Crisis Response Initiative promotion (videos, social media, press briefings, factsheets), EIT Awards 2020 promotion (nominees brochure, videos, social media,...), 8 EIT Community entrepreneurs interviews, EIT Community innovators' participation at (media) events.</p> <p>Total number of media clippings: 2019: 2 452* 2020: 5 914 ➔ 141% increase in EIT press (print and online) coverage in 2020 compared to 2019 statistics* <i>*no media monitoring in place for April, May and June 2019 hence overall numbers can only be partially compared.</i></p> <p>Followers on 31/12/2020: Twitter: 55 859 --> 10.34% increase, LinkedIn: 40 783 --> 72.96% increase, Facebook: 56 524 --> 4.25% increase, Instagram: 4 139 --> 81.3% increase.</p> <p>New digital formats launched in 2020 to widen EIT reach on social media with 5 account</p>

		Member States	Take Overs and 3 EIT Checks In video interviews. On hold as a result of pandemic and closure of offices.
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1.2.2.2. EIT Regional Innovation Scheme (EIT RIS)

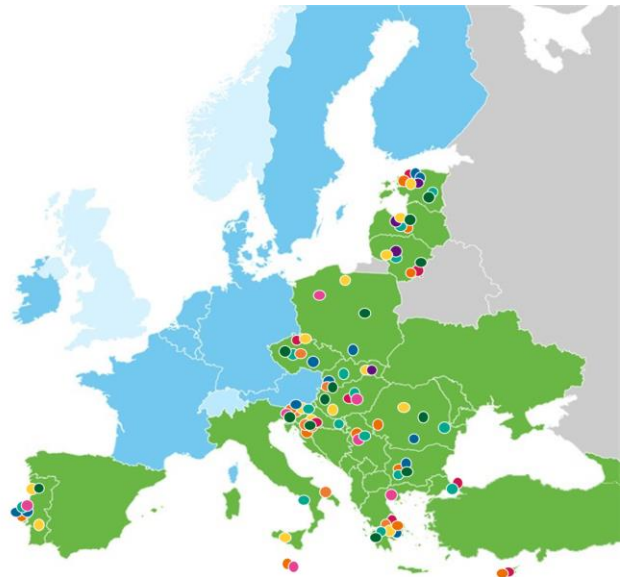
Ensuring effective implementation of EIT RIS activities by KICs

The EIT Regional Innovation Scheme is designed for countries who are modest and moderate innovators, and where the linkages among the innovation actors (such as business accelerators, start-ups, agencies, educational and research institutions, etc) are lacking or need further development. The main aim of the EIT RIS is to widen the participation in EIT Knowledge and Innovation Communities' activities for entities that cannot (yet) become KIC partners as well as to provide targeted support to individuals and entities from EIT RIS eligible countries to take part in KICs' activities and benefit from the services and programmes.

A pivotal role in the implementation of the EIT RIS is played by the EIT RIS Hubs. These entities are organisations located in EIT RIS countries, and they are selected through an open competitive process. The overall EIT RIS Hub's role is to ensure visibility of the respective KIC and EIT Community at large and raise awareness about EIT Community activities. In the process, the EIT RIS Hubs will facilitate cooperation activities among KICs and local players of education, business and research areas, thus promoting the Knowledge Triangle Integration.

EIT REGIONAL INNOVATION SCHEME HUBS

- EIT Climate-KIC
- EIT Digital
- EIT Food
- EIT Health
- EIT InnoEnergy
- EIT RawMaterials
- EIT Manufacturing
- EIT Urban Mobility



By the end of 2020, the KICs have shown a solid commitment to implementing EIT RIS activities. The following 18 EIT RIS-eligible countries have local organisations functioning as EIT RIS Hubs (as shown in the figure above): Bulgaria, Croatia, Cyprus, Czechia, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, (South) Italy, Slovakia, Slovenia, Serbia and Turkey. More than 80 EIT Hubs operate in these countries.

In 2020 the EIT KICs continued to grow their network in the EIT RIS area by establishing new EIT RIS Hubs, welcoming new partners from the EIT RIS countries, and engaging external participating organisations in their activities. The EIT also sent members of the EIT Member State Configuration representing EIT RIS countries regular updates on the opportunities to enrol in KICs’ programmes, join KICs’ events and participate in calls were communicated to the EIT RIS Member States.

Altogether, as a result of this enhanced dissemination, a more visible and active presence of the EIT Community in the EIT RIS countries, over 300 partners / linked third parties joined the Knowledge and Innovation Communities.

Actions	Indicator	Target	Achievement/results
Ensure effective implementation of EIT RIS activities by KICs in line with the EIT RIS Guidance Note 2018-2020	Widening of participation by EIT RIS eligible countries in EIT activities and deepening collaboration with local networks	Publication of EIT RIS calls of KICs on EIT, and EU Framework Programme websites and dissemination of EIT RIS information and good practices via other relevant channels	Regular updates on the opportunities to enrol in KICs’ programmes, join KICs’ events and participate in calls were communicated to the EIT RIS Member States.
Coordinated dissemination of information and communication of EIT RIS activities together with the KICs	Timely communication of EIT RIS activities including calls and events and support of cross-KIC communication actions leading to raised awareness	Service contract providing bimonthly reports on EIT RIS activities in 5 priority countries from service providers (pilot)	A contract for the provision of an EIT RIS Information Coordination service, to be piloted in 7 EU Member States, was signed following an open selection process.

1.2.3. Fostering and attracting talent

1.2.3.1. EIT Alumni Community 2020

Implementation of the EIT Alumni strategy and annual working plan

The EIT Alumni Community celebrated its fifth year of existence in 2020, which saw evolutions and shifts throughout the community’s activities and structure, aiming at further outreach, impact, and overall strengthening together with the challenges of the Covid-19 pandemic which left the imprint on the year 2020.

The Community was willing to push further the “challenge solver” concept through various experimentations meant to be amplified in 2021 and potentially providing further exposure to challenge-driven innovation to participating EIT Alumni members by the organization of EIT Alumni Challenge ‘Covid-19 Map & Act’ and as a result of collaboration with European Food Safety Authority, launching a hackathon on ‘Artificial Intelligence solution to detect fake news’.

The EIT Alumni Connect event in a first-ever virtual format marked the ultimate Community gathering of the year. It focused on the theme of 'Responsible Consumption and Production' and welcomed EIT KICs Alumni communities including the representative of the emerging EIT Food Alumni community. For the third year, its organisation was managed by the EIT Alumni members and supported by the EIT.

Major collaborations were maintained including the organization of joint sessions with Marie Curie Alumni Association and Erasmus Mundus Students and Alumni Association on career development during European Research and Innovation Days.

The KICs’ Alumni communities continued to grow their membership (13000+ members at the end of 2020) and run activities across Europe, including career, innovation and entrepreneurship-related opportunities in coordination with their respective KICs (EIT Health, EIT Digital, EIT InnoEnergy, EIT Climate-KIC, and EIT Raw Materials).

The overview of the EIT Alumni activities is available in the EIT Alumni Impact Report 2020.

[Support the EIT Alumni Board in implementing its activities](#)

The EIT Alumni Board composition changed including representation of the EIT Raw Materials Alumni, EIT Climate-KIC Alumni, and Community by InnoEnergy together with the shift in representation of the EIT in the Board. An external observer, Peter Olesen, former Chair of the EIT Governing Board, continued to provide his advisory support to the functioning of the EIT Alumni Board.

Furthermore, the EIT Alumni Board continued working on adapting its governance and operational structure, to ensure alignment with the management of the growing various individual EIT KIC Alumni communities and the integration of future ones. In 2020 EIT Food and EIT Manufacturing started to join the regular meetings of the EIT Alumni and cooperation with EIT Urban Mobility has been initiated to help them access good practices from the existing EIT KICs Alumni communities.

In terms of governance, the focus was put on the preparation of the procedure for the selection and remuneration of the EIT Alumni President as an additional member of the EIT Alumni Board.

The operational capacities of the EIT Alumni were strengthened within the successful finalisation of the procurement procedure and selection of the external provider to support the organisation and development of the EIT Alumni.

Actions	Indicator	Target	Achievement/results
Provide strategic advice and guidance to the EIT Alumni Board to further develop the community and ensure alignment with EIT's strategy and activities	Implement EIT Alumni strategy and annual work plan under effective governance to enhance the impact of EIT Approval of EIT Alumni Annual Work Programme	Approve EIT Alumni 2021 work programme by Q4 2020 Mobilise alumni to address specific EIT challenges Support contract in place. Assessment of alumni activities and strategy for 2020-2022 prepared.	EIT Alumni WP 2021 approved in Q1 2021 including assessment of activities and strategy for 2021-2023. EIT Alumni Challenge Covid-19 Map & Act organized in May/June. External support contracted. A separate assessment of the alumni activities and strategy for 2020-2022 was not concluded.
Support the EIT Alumni Board in implementing its and activities	Support Alumni work programme implementation and organisation of the 2020 EIT Alumni Connect Event	Guidance and support to EIT Alumni Connect event provided by Q4 2020 and active participation of 120 students and alumni from EIT labelled educational programmes (>75% positive feedback in review.	EIT Alumni CONNECT 2020 successfully delivered.

1.2.4 Enhancing stakeholder engagement

1.2.4.1 Stakeholder engagement

Engaging institutional and knowledge triangle stakeholders

Despite the challenges posed by the pandemic, the EIT continued engaging with institutional and knowledge triangle stakeholders, almost uninterrupted. As of March, EIT moved swiftly to the use of digital tools and platforms, which allowed putting the focus back to raising awareness about the EIT Community's ongoing activities and ambition for the future, as well as providing information and clarifications to support the ongoing negotiations of the EIT legislative package (EIT SIA 2021-2027 and EIT Regulation). As in previous years, the annual Stakeholder Engagement Plan 2020 was developed with the principal objective to ensure support and adequate resources for the EIT to fulfil its ambition and fully deliver on its mission and enhanced mandate for its future work.

In 2020 Members of the EIT Governing Board, the EIT Management Team and staff represented the Institute in **99 third-party events and meetings**, the majority of which were digital. EIT representatives conveyed key messages at several high-level events, including events organised under the Croatian and German Presidencies of the Council of the EU; the EIT co-organised an EIT Awareness Day in Zagreb, Croatia, with the Ministry of Economy, Entrepreneurship and Crafts and the Ministry of Education and Science, attracting over 150 participants. Moreover, under the German Presidency of the Council, the EIT contributed to the Policy Forum at the European Creative Industries Summit 2020 and the Week of Innovative Regions in Europe. In addition to the above, EIT representatives had several meetings and information exchanges with key EU multipliers such as LERU, TAFTIE, The Guild and Science Business, to ensure their support towards EIT's central positioning in Horizon Europe and future ambitions.

The EIT was also present at the European Research and Innovation Days 2021, the European Commission's annual flagship event bringing together policymakers, researchers, entrepreneurs and citizens to debate and shape the future of research and innovation in Europe and beyond. The second edition of the event took place in September 2020 with a strong presence of the EIT Community. During the three days of the event, **over 5000 participants** followed sessions organised by the EIT or with speakers from the EIT and **over 800 participants** visited the EIT booth. The EIT's participation in the event was also extensively covered across EIT digital communications channels and amplified by EIT KICs. This resulted in **more than 275 000 impressions**.

In the second half of 2020 and in view of the European Commission's proposal to launch a new Knowledge and Innovation Community in the Cultural and Creative Sectors and Industries under the new EIT strategy, the EIT initiated the mobilisation of relevant stakeholders to inform them of the new opportunity.

Finally, a new section about the [EIT Stakeholders and Partners](#) was added on the EIT website. The new page describes how EIT engages with different groups of stakeholders and is expected to support EIT's efforts for increased visibility and transparency of its work. To further support these efforts, the EIT Country Factsheets were fully revamped in layout and content, allowing for a more user-friendly and attractive visualisation and are available to all stakeholders at the EIT website [here](#).

Organising the EIT Stakeholder Forum 2020

The COVID-19 pandemic brought about a big shift in the way the EIT organised its annual EIT Stakeholder Forum, previously known as INNOVEIT. The EIT developed a new concept for a fully digital [2020 Stakeholder Forum](#). The Forum organised between September and December 2020 contained various elements combining online consultation surveys with a series of digital sessions and meetings. The topics for the online consultation covered topics such as the EIT Regional Innovation Scheme post-2020, the new EIT action to support the innovation and entrepreneurship capacity of Higher Education Institutions (HEIs) and the EIT Community's openness and inclusiveness. The digital sessions and meetings organised included the EIT open sessions during the EU R&I Days run by DG RTD on 23 and 24 September 2020, the 10th Annual Meeting with European Commission Services taking place on 11 and 12 November 2020 and the Annual EIT Member State Configuration Meeting organised on 7 December 2020.

This new format provided an excellent platform for EIT stakeholders to share their views on topics related to the implementation of the future Strategic Innovation Agenda (2021-2027) and therefore contribute to future EIT work programmes. A total of 1,076 participants attended the Forum; 935 viewers participated in the online sessions and 141 respondents answered to the online public consultations. A bespoke communication campaign accompanied the Forum organisation and resulted in 4 556 stakeholders visits on the Forum-related pages on the EIT website and in a reach of 799 000 and 533 interactions on the different EIT social media channels. The EIT Stakeholder Forum 2020 Final Report [Making Innovation Happen: For a Strong and Resilient Europe](#) is published on the EIT website.

EIT Liaison Office in Brussels

The EIT Liaison Office continued contributing to enhanced visibility, awareness and ultimately understanding of the EIT and the EIT Community among Brussels-based political decision-makers and innovation stakeholders. In 2020 the focus was put mainly on supporting decision-makers, namely Members of the European Parliament, in the ongoing negotiations of the recast EIT Regulation and EIT Strategic Innovation Agenda 2021-2027 through the provision of information and clarification of key elements and potential implications of proposed provisions.

Several engagements, mainly of informal nature, took place at the EIT Liaison Office with European Commission and Parliament colleagues, as well as European multiplier organisations from the Knowledge Triangle. Moreover, an important task of the EIT Liaison Office was to enhance communication and coordination with and among the EIT and its Knowledge and Innovation Communities. This includes closer cooperation on the ground on day-to-day basis as well as participation in strategic EIT Community meetings held mainly digitally with a view to ensuring greater coherence and consistency in the representation of the EIT Community towards both external and internal stakeholders. Throughout 2020, EIT contributed proactively to the EIT House Work Plan 2020, identified priority activities and engagements with Brussels-based stakeholders and contributed to stronger coordination of EIT Community efforts towards Brussels stakeholders.

Meetings with targeted groups of EU Member State and other key stakeholders

As an integral part of the EIT Stakeholder Forum 2020, the annual edition of the EIT Member State Configuration meeting was organised on 7 December 2020 online with **25 representatives from 20 Member States**. The meeting took place at the confluence of two programming periods (Horizon 2020 and Horizon Europe) and was the last meeting of this configuration⁶. Delegates had the opportunity to learn about the EIT Community's achievements under Horizon 2020, the progress achieved in the areas of Financial Sustainability, Openness and Transparency, Synergies with other EU Programmes as well as the EIT's future ambitions. A dedicated session discussed how relations with Member States can be strengthened in the future.

Actions	Indicator	Target	Achievement/results
Engagement with institutional and knowledge triangle stakeholders	Structured dialogue with institutional and knowledge triangle stakeholders	Stakeholder engagement plan 2020 approved and implemented accordingly	Stakeholder engagement plan approved in February 2020 and implemented throughout the year.
	Maximise EIT visibility through participation in events and awareness raising	Participation of EIT representatives (including EIT Governing Board members) in at least 20 European/ International events of key stakeholders	Participation of EIT representatives at 99 (events and meetings, of which over 30 were high-level events at EU/international events (+50%).

⁶ To be replaced with the Member States Representatives Group (MSRG) according the new EIT legislative package.

			A total of 115 invitations were assessed and 86 briefings were developed to support the EIT Governing Boards and EIT Management in 2020.
Organisation of online EIT Stakeholder Forum 2020	<p>Targeted information provided and dialogue with key stakeholders</p> <p>Positive, above-average feedback received from participants (as measured by a dedicated survey)</p> <p>Dedicated stakeholder events on EIT related topics organised under the EU Presidencies and in the EP</p>	<p>Participation by at least fifty knowledge triangle representatives of all three sides and 75% of EU Member States</p> <p>> 75 % of feedback received above average</p> <p>Lessons learnt completed and concept note for 2021 proposed</p> <p>3 targeted stakeholder events organised, preferably with EU Presidencies and EP</p>	<p>1,076 participants at the online EIT Stakeholder Forum. 93 representatives from KT organisations attended the Forum. No breakdown information per specific stakeholder group was provided for the EU R&I Days, participants of which consisted 63% of overall 2020 SF participants.</p> <p>Participants came from 22 Member States, 81% representation.</p> <p>80% positive feedback received.</p> <p>Lessons Learnt Report developed.</p> <p>3 successful events implemented; i. EIT Awareness Day in Croatia under the Croatian Presidency, ii. EIT GB Member's and EIT Director's contributions at the European Creative Industries Summit (28 Oct) and Week of Innovative Regions in Europe (WIRE) (6 Nov) organised under the German Presidency.</p>
EIT Liaison Office in Brussels	EIT visibility and stakeholder engagement in	Participation of EIT Liaison Officer in	EIT Liaison Office represented EIT in over 30

	Brussels increased	<p>Brussels in at least 20 events/meetings of/with key stakeholders and support to priority synergies</p> <p>Effective coordination mechanism between EIT and KICs on stakeholder engagement</p>	<p>events/meetings of/with key stakeholders in Brussels.</p> <p>EIT participation in all EIT House Coordination Group quarterly face-to-face meetings and bi-weekly coordination calls.</p>
Meetings with targeted groups of EU Member State and other key stakeholders.	Targeted information provided and structured dialogue established with key stakeholders from EU MS, European Commission and other key EIT stakeholders	<p>EIT Member State configuration meeting organised by Q4 2020</p> <p>EIT EC service meeting organised by Q4 2020</p> <p>Host country agreement/ Memorandum of Understanding implemented and dedicated activities to synergise and raise awareness in Hungary are implemented involving KT stakeholders</p>	<p>Successful EIT Member State Configuration organised on 7 December with 25 delegates from 20 Member States (78% of the delegates evaluated the meeting positively).</p> <p>Successful EIT EC Service meeting organised on 11 and 12 November. 116 participants participated at the Plenary session on 11 November (91% of them rated the session useful) and 87 participants attended the 4 thematic workshops on 12 November (84% gave high rating for the workshop).</p> <p>Following the Memorandum of Understanding with Hungary signed on 15 October 2019, the Hungarian EIT GB Member and the EIT Director held numerous high-level meetings with representatives of several national government institutions as well as with various KT organisations.</p>

			An EIT Info session was successfully co-organised with the Hungarian Ministry of Innovation and Technology on 1 December with 110 participants from Hungarian KT stakeholders.
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1.2.4.2 Relations with third countries and international organisations

Engagement with selected third countries and international organisations

Against the backdrop of COVID-19 and other challenges affecting the work of the EIT Global Outreach Programme (the US-China trade stand-off, political relations between EU-China and Brexit) the EIT in close coordination with the EIT KICs has risen to the challenges, adjusting activities to fit the new reality, and developing new programmes to be delivered by the EIT Hubs. The EIT Hub in Israel within less than two years of operations has developed into a strong player in the Israeli innovation ecosystem working actively to promote EU-Israeli collaboration in research and innovation. The EIT Hub in Silicon Valley is gradually increasing its support and engagement with EU Member State Consulates in San Francisco. The EIT Community also delivered its first activities in China, promoting collaboration in the areas of the following thematic domains, selected to reflect key global challenges: ‘Sustainable Healthy Cities’, ‘Circular Economy’ and ‘Sustainable Agrifood Value Chains’.

Actions	Indicator	Target	Achievement/results
Engagement with selected third countries and international organisations	Establish structured dialogue in targeted Third Countries (China, US, Israel and Western Balkans) on knowledge triangle integration issues	International cooperation plans of the EIT and the KICs, demonstrate European added value, under the supervision of the EIT Governing Board, in compliance with the Commission strategy for international cooperation on research and innovation and in consultation with the respective Commission services EIT hubs supervised (cross-KIC project) IPA project with	Four bi-monthly progress reports on Global Outreach submitted to EIT Forum. EIT unsuccessfully attempted to reach out to DG NEAR in order to explore the potential for concrete synergies between EIT activities and IPA, especially within the Western Balkans.

		Western Balkans programmed.	
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1.2.4.3. EIT Awards

Organisation of the EIT Awards 2020

The EIT Awards took place virtually on 8-9 December 2020, showcasing the achievements of successful graduates, entrepreneurs and innovators supported by the EIT Community. 28 innovators from 13 different countries have been nominated for their endurance and creativity, recognising their ground-breaking products and services accelerating Europe’s transition to a greener, healthier, and more digital future. The winners were announced at the ceremony on 9 December 2020. As in previous years, they created role models for change, in the following categories:

- The EIT CHANGE Award recognises graduates of EIT education programmes who spur innovation and entrepreneurship, inspiring change for a sustainable future.
- The EIT INNOVATORS Award recognises teams from our Innovation Communities that develop high-impact products and services for a sustainable future.
- The EIT VENTURE Award recognises successful start-ups and scale-ups that have been supported by the EIT’s Innovation Communities through dedicated business creation and acceleration programmes.
- The EIT WOMAN Award recognises the outstanding achievements of women entrepreneurs and leaders from our Innovation Communities.
- The EIT PUBLIC Award recognises the public's recognition of overall excellence and the innovativeness of one of the Nominees in the other four Award categories listed above.
- Chaitanya Dhumaker, MonitorFish (Germany), Andreu Martínez Climent, ACORYS (Spain), Filippo Bosco, BluSense Diagnostics (Denmark), Cristina Aleixendri Muñoz, Bound4Blue (Spain), and Karthik Laxman Kunjali, Stockholm Water Technology (Sweden) were awarded the top prize out of 26 finalists, for innovations in the fields of climate, health, manufacturing and innovative energy.

Preparation of the next edition of the EIT Awards

A lessons learnt exercise was conducted to identify elements to be kept as good practice and those to be improved for the next edition of the EIT Awards.

Actions	Indicator	Target	Achievement/results
Organisation of the 2020 EIT Awards	Timely implementation of the 2020 EIT Awards	2020 winners of all five categories awarded in 2020	All 15 winners (1 st , 2 nd and 3 rd prize) of the five different categories were awarded on 9 December 2020.
Preparation of the 2021 EIT Awards	Timely launch of the preparation for the 2021 EIT Awards	Preparations for 2021 EIT Awards competition started by Q4 2020	Lessons learnt/ feedback sessions were held with the

	competition		contractor, KICs and EIT internally.
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1.3. New delivery mechanisms and results-oriented monitoring

1.3.1 EIT-KIC relations

1.3.1.1. The role of the EIT as an investor

Monitoring the KIC's implementation of the Principles on Financial Sustainability

In 2020, EIT continued to monitor the adherence of the KICs to the Principles on Financial Sustainability, through mainly the EIT GB Rapporteur visits to the KICs senior management at mid-year, as well as through the Grant Cycle (BP 2021 Financial Allocation and Reporting 2019 evaluation and final Grant balance payment), by means of issuing and following-up on strategic recommendations related to Financial Sustainability to all EIT KICs.

In 2020, EIT and the KICs also worked together to help define the new Principles on KICs' Financial Sustainability to be adopted early 2021 once the new EIT legal basis would be finalised and adopted.

Going forward, EIT KICs will have to adhere to predefined co-funding levels for activities depending on their date of creation, but also increase their revenues and investment sources from a new expanded list of allowed categories as defined in the new EIT legal basis, and build and disclose to EIT the value of their financial assets.

The obligation for KICs to become financially sustainable is a unique feature of the KIC model that aims at being a business and result-oriented innovation instrument. In this context, KICs will have to continue to develop and implement revenue-creating strategies in order to maintain their innovation ecosystem and the knowledge triangle activities beyond the period covered in which the EIT provides financial support through grant agreements.

Support KICs' own fund initiatives

In 2020, EIT Health launched its Venture Center of Excellence (VCoE) with EIF, <https://eithealth.eu/project/venture-centre-of-excellence/>, which is a public-private co-investment programme empowering financing for European health start-ups to accelerate their innovation for citizens. The Venture Centre of Excellence (VCoE) is an Open Innovation programme connecting investors and other key stakeholders from the life sciences and healthcare ecosystems to highly qualified pan-European deal flow, accessed through a custom AI platform and exclusive member community. The VCoE meets the urgent need to better connect different types of life science healthcare investors, including Venture Capital funds (VCs) and industrial, academic, and Technology Transfer Office (TTO) investors, as well as insurers. The VCoE facilitates connections by bringing programme members together at exclusive member events on a bi-annual basis, to promote long-term relationship building and the sharing of market insights, thereby breaking down silos.

In 2020, EIT Food continued working on setting up its EIT Food Sparks Investment funds, to be launched in Q1 2021. The FoodSparks® fund will invest in pan-European seed and early-stage start-ups to offer access to strategic capital and support with scaling up, thereby working towards innovative solutions to some of the world’s most pressing problems in food production, supply, and sustainability. The fund will offer up to EUR 30 million of investment over a span of up to four years, with an aim to invest in approximately ten start-ups per year. The companies to receive investment will all be domiciled in Europe/EFTA and Israel, have protectable and scalable technology, and align with EIT Food’s mission of making the food system more sustainable, healthy, and trusted. In addition to capital, the start-ups and entrepreneurs included in the fund will be given access to advice and mentoring from the wider EIT Food community, allowing them to benefit from decades of food experience and knowledge.

Actions	Indicator	Target	Achievement/results
Monitor and develop implementation of the Principles on KICs’ Financial Sustainability	Incentivise KICs to reach Financial Sustainability and ensure the EIT model is further developed	Assessment reports of KICs’ financial sustainability strategies and clarification of open issues on the model by Q4 2020	Financial sustainability reports produced for the working discussions with the EIT GB and the KICs CEOs, and workshops held in Fall 2020 with EIT GB and KICs CEOs to help prepare the new KICs Financial Sustainability principles, to be adopted Q1 2021, in line with new EIT legal framework in Horizon Europe.
Monitor and develop the implementation of the High-level Principles on KICs’ fund initiatives	Encourage KICs to launch and develop their own funds	Assessment reports of KICs’ own funds by Q4 2020	Report initiated in Q4 2020, and produced in Q1 2021 on EIT KICs Funds initiatives (namely EIT Health VCoE with EIF, EIT Food Sparks Investment Fund with co-investors).
Cross-KIC cooperation	Effective cross-KIC cooperation on priority topics agreed by the EIT community to create value	At least 20 MEUR allocated grants for cross-KIC cooperation/missions in BPs 2021	According to the KICs BPs 2021 from April 2021, the EIT allocated to cross-KIC activities 31.2 MEUR, including 12 MEUR allocated into the HEI Initiative

1.3.2. Simplification

Implementing improvement measures within current framework

In 2020, the Task Force Simplification (TFS) simplified and accelerated in Q1-Q2 the business plan (BP2020) preparation and funding allocation 2020, the business plan 2020 amendment process as well as the grant reporting (GR2019) and final grant payment cycle. As for BP 2021 assessment and funding allocation 2021 processes, the TFS was not able in Q3-Q4 to simplify and accelerate the preparations due to the transition to Horizon Europe as the timing to be able to launch the invitation to submit the BPs by the KICs was affected by factors outside the EIT control. All EIT guidelines have been consulted at the TFS before formally issuing them to KICs. As a cornerstone of the EIT control strategy, the EIT continued to contract audit companies directly for issuing Certificates of Financial Statements (CFSs) on cost claims of KIC partners, which has significantly improved the assurance gained. As a good practice, clarification/resolution meetings have been maintained both at the BP/BP amendment assessment and GR assessment stage between EIT and each of the KICs, in order to avoid several rounds of clarification questions and conclude on the remaining issues in an efficient and timely manner.

The Task Force Simplification held its first meeting in 2020 on 13 February at the EIT House. Due to COVID-19 pandemic situation, as of March 2020 additional TFS calls were necessary to discuss how COVID-19 affected the operations around the grant cycle. Responding to the crisis, in Q2 the TFS received the invitation to prepare for the submission of proposals for the EIT Crisis Response Initiative (CRI) and TFS discussed on all related queries.

While in previous years TFS hold four meetings annually, in 2020 due to COVID-19 situation as well as to Horizon Europe (HE) preparation, TFS held thirteen meetings in 2020, including workshops with active participation from all sides (EIT, KICs and European Commission) in order to ensure smooth operations.

Implementation of the simplification roadmap

In order to more effectively coordinate the EIT – KICs collaboration during Horizon Europe (HE), in 2020 the members of the Task Force Simplification group, as well as relevant EIT–KIC working groups, were continuously consulted.

A **Workshop on designing future operations** was organised by EIT on 12 February 2020, where the legal architecture and European partnerships were presented by the European Commission. During the interactive workshop, the focus was on designing future operations together with the KICs. The purpose was to analyse the KIC portfolio both from a performance and financial perspective to assure the efficient complementarity between EIT and KICs; to discuss how to secure sufficient and reliable data in order to fulfil the information needs of all stakeholders; to clarify the role of KIC Legal entities/hubs/co-location centres in managing the partnership and portfolio; to identify the opportunities for the EIT Community of the transition to the Horizon Europe operational framework and to openly discuss the right principles to run the EIT model by the EIT KICs and how they should be operationalised in the new framework period.

Concerning the future legal and operational framework, in Q1 the KICs received for consultation the **Strategic Agenda 2021-2027 template** as well as the **partnership mapping**. In Q2 the KICs were requested to briefly present at the TFS meeting their proposal on the **future portfolio/cascading model**, on what are the key critical changes that need to be done by the KIC as well as on timeline with the key steps that the KIC needed to do prior the cascading could be rolled out. Still in Q2, the EIT organised a meeting on HE transition: Discussion on EIT new Partnership Agreement (PA), Model Grant Agreement (MGA) as well as on its Annex 5. In Q3, EIT shared with TFS the draft versions of the EIT-KIC PA, the draft MGA template, the first draft of the PA explanatory note for information and in

addition shared the cascading matrix for consultation. In Q4, EIT organised a TFS Workshop on HE legal and operational framework, and in addition, to further explain the new legal architecture, the EIT held a dedicated **online info session to the KICs and their partners** on 16 December 2020. The event was recorded and the recording was distributed to KIC Partners ensuring a wider audience. Furthermore, during the year, the EIT informed TFS about major HE-related events and trainings organised by the European Commission.

Actions	Indicator	Target	Achievement/results
Improvement measures implemented within the current framework	High impact measures for simplification identified and implemented to reduce complexity and increase efficiency	Simplification measures selected by the EIT-KIC Forum and implemented by the Task Force for Simplification by Q4 2020	Simplified grant cycle processes (business planning, amendments, reporting, audits and monitoring). Minutes of the Task Force Simplification and EIT-KIC Forum.
Simplification roadmap implemented	EIT staff operates in an efficient and effective manner.	8 priority simplification actions implemented by Q4 Unit specific simplifications implemented by Q4	Simplification & Efficiency Gains Action Plan delivered and communicated to lead colleagues and thematic teams. Progress made according to the plan, specific monitoring during the units' quarterly reviews. In terms of grant processes, the design of the new operational model is the answer to remove the constraints identified. The details of the model have been worked out in 2020 the target is to put it in practice from 2022.

1.3.3. Monitoring, Impact Analysis and Evaluation

1.3.3.1. Implementation of the EIT monitoring strategy

Continuous and systematic monitoring of KIC activities

Due to the outbreak of the COVID-19 crisis in early 2020, the **Horizontal and KIC specific Monitoring Plans 2020** had to be adapted in March 2020.

For the **KIC Specific Monitoring Plans**, the monitoring of projects which included on-site visits had to be cancelled as travel restrictions and limitations on face-to-face meetings were put in place across Europe. On the other hand, the adaptation of the KIC's BPs to the new circumstances and the implementation of the EIT Crisis Response Initiative (CRI) were considered new as a high priority for monitoring. EIT, therefore, decided to change the KIC Specific Monitoring Plans 2020 as follows:

- **BP KAVAs selection process monitoring:** The monitoring activity was kept as a priority as it fed into (a) the simplification of BP2021 assessment process and (b) the transition to Horizon Europe.
- **BP2020 adaptation due to the coronavirus situation** was added as an additional monitoring activity for all KICs. It had been considered an immediate risk to be monitored, especially regarding 'force majeure'.
- Following the additional financial contribution to the KICs, the EIT was tasked by the EIT Governing Board that pandemic response projects and ventures selected for support through the **EIT Crisis Response Initiative (CRI) should undergo further monitoring during implementation.**
- Other Monitoring Activities at KAVA level (monitoring of projects) were cancelled and could not be implemented due to COVID-19 circumstances (travel restrictions).

To summarise, the process of BP KAVAs selection, the BP2020 adaption due to coronavirus situation, and the implementation of the EIT Crisis Response Initiative were successfully monitored according to the updated plan for all 8 KICs in the framework of the KIC Specific Monitoring Plans.

Additionally, the following two KIC Specific priority monitoring activities were implemented in 2020:

- **EIT Manufacturing special monitoring:** EIT monitored the actions put forward by the KIC in line with the conditional approval of 2020 SGA and the results achieved in strategy and in governance. EIT also monitored the KIC's administrative costs, to ensure they are kept as low as possible in order to maximise the resources invested in the core strategic KIC activities.
- **EIT Climate-KIC special monitoring:** Continuous Monitoring of the Deep Demonstration Area to verify a clear proof of concept that was submitted to the EIT during a mid-year stage-gate assessment which was followed up by additional monitoring activities throughout 2020.

The below seven **horizontal monitoring activities** were fully implemented in line with the Horizontal Monitoring Plan 2020:

- HR policies review
- Good Governance Principles Assessment
- Implementation of Innovation Principles
- EIT and EU co-branding
- Regional Innovation Scheme
- Cross-KIC activities
- GB Strategic Recommendations

The **Monitoring of Simplified Costs** started, however, EIT received input from some KICs only due to different reasons such as time constraints or referring to lack of clarity about the purpose. Therefore, the EIT decided to continue the activity at the beginning of 2021, clarifying the purpose of the project again to the KICs to finalise in 2021.

For the horizontal **Monitoring of Financial Sustainability**, the scope of the activity was adjusted and continuous reports and assessments from the experts are available, embedded in different processes such as funding allocation, KIC business plan assessment, KIC report assessment of GB Rapporteur visits.

For the horizontal **Monitoring activity Procurement policy review**, no progress was made in the course of 2020, due to resource limitations. The monitoring activity restarted in Q1 2021.

In total, EIT performed 33 of 36 planned activities, implemented all 26 KIC Specific Monitoring activities and 7 of 10 planned Horizontal Monitoring activities, whereby only 1 Horizontal Monitoring activity was not implemented, 1 Horizontal Monitoring was delayed, and 1 Horizontal Monitoring changed its scope and was aligned with other continuous business processes.

Preparation of the Monitoring Plans 2021

In the area of Monitoring, 2021 will be a transition year and the main changes affect the former KIC specific Monitoring Plans (due to the new operational model under Horizon Europe - in particular, shift from KAVA level to portfolio and process-level management of grants).

In 2021, the new EIT legal framework will be fully adopted for the new seven-year programme cycle of the European Union's Multi-Annual Financial Framework 2021-27, including the Horizon Europe framework programme and the EIT Regulation and EIT Strategic Innovation Agenda 2021-2027. In addition, the operational framework will have to be developed during this transitional year to implement the new legal basis. This will include a GB Decision **on financing, monitoring and evaluation, an updated Monitoring and Control Strategy, and finally an updated SOP on Monitoring.**

Based on the new regulatory framework of the EIT in Horizon Europe and the anticipated development of the new operational model of the EIT, the EIT's approach to Monitoring needs to be further shifted from continuous monitoring of individual KAVA progresses in a given year (in total EIT can capture a maximum of 15-20 out of ca. 800+ across all eight KICs) to a continuous Monitoring of the KIC's processes (following the horizontal Monitoring approach of the past). EIT will have to monitor and ensure that the KIC's are able to systemically, effectively, and reliably monitor progress towards KIC strategic objectives and other aspects of the EIT KIC model, e.g. allowing the KIC to fast-track, re-orient or stop KIC activities.

Taking into account the explained transition, the 2021 Monitoring Plan was prepared as one single, transitional Monitoring Plan relevant for all KICs, including the monitoring of the KIC's processes, progress linked to portfolios, reviews and horizontal assessments. The preparation started in Q4 2020 and was finalised in January 2021.

Assessing the KICs' implementation of the Good Governance Principles

The 2020 assessment was composed of the annual assessment of the KICs adherence to the EIT Good Governance Principles and the assessment of how KICs address/ follow good practices in the area of EIT Good Governance Principles. Following the outcomes of the pilot analysis in 2019, EIT further improved its assessment methodology. The methodological approach and the developed assessment templates were endorsed by the EIT management before the assessment started.

The objectives of the analysis were 1) to check if and how the recommendations from the 2018 and 2019 GGP assessments were addressed by KICs; and 2) to assess how KICs address identified good practices on the Good Governance Principles in particular openness and transparency of KICs and their operations, selection of excellent personnel at management, governance and staff level, diversity of governing and supervisory structures, governance Systems of KICs CLC level.

The outcomes of the assessment indicated that despite some identified weaknesses, all KICs address the Good Governance Principles adequately. Also, all KICs progressed in addressing the EIT Good Governance Principles compared to the 2019 assessment. However, there are some principles, which are still not fully covered by the majority of KICs. For example, the majority of the KICs struggle to have a code of good conduct and conflict of interest policies of very good quality. Currently, two KICs (EIT Health and EIT Food) have no full control over the CLCs to fully implement the annual business plan and the Strategic Agenda. At the monitoring calls with the KICs, EIT was informed that both KICs are preparing now an action plan to address these weaknesses. A specific issue identified in 2019, that EIT Health does not fully separate the supervisory function from operations, has not been addressed by the KIC in a satisfactory manner.

In 2020 an assessment took place of how the KICs address good practices of the EIT Good Governance Principles and how the KICs are progressing to go from the compliance stage towards adopting good practices in governance in the four identified areas (openness and transparency, selection of excellent personnel, diversity and governance systems on KICs CLCs level). The progress is noticeable but it varies across KICs. The KICs significantly improved the openness of the EIT funding and now out of eight KICs only one was closed for non-KIC partners and to some extent the calls of another one (some calls are open for non-KIC partners). In the case of the majority of KICs, there are clear criteria for accession and assessment procedures to become a KIC Partner. Recently, KICs have also increased the number of independent members of their Supervisory Bodies. In the case of six KICs, the percentage of independent members exceeded 33%. This is a very positive trend comparing to the 2019 assessment. In general, the KICs' operational transparency improved but is not fully satisfactory. All KICs publish information about their management and governing bodies, although in a few cases the information could be more detailed. Almost all KICs publish their calls for KAVAs. Publication of calls for start-ups is a common practice. Procurements and vacancies are also published by the KICs. The diversity, and in particular gender diversity, in the KICs' supervisory boards has been improved. The KICs in general address well the geographical diversity in their supervisory bodies. Professional diversity in the KICs SBs is ensured. The selection process of the excellent personnel on KIC LE and CLC levels across KICs is in general good or very good but a few KICs should further work on their HR policies.

Actions	Indicator	Target	Achievements/results
Implementation of the 2020 monitoring plan in line with the approved EIT monitoring strategy, including the EIT RIS review	Contribution of monitoring activities to improving KIC the grant management	Monitoring plan implemented by Q4 2020 (target: 8 EIT GB rapporteur reports, 8 visits to EIT KIC Supervisory Boards, 16 monitoring visits to KICs by EIT staff, alternative monitoring activities) Review of the Monitoring Strategy in line with Horizon Europe and the Impact Framework	Horizontal and KIC specific Monitoring Plans 2020 implemented, with some adjustments compared to the initial plan due to implications of COVID-19 crisis.
Preparation of the Monitoring Plans 2021	Improved planning and selection of monitoring activities 2021	Monitoring plan prepared (Q4 2020)	Preparation of 2020 monitoring plan started in Q4 2020, finalised and

			adopted in Q1 2021.
KICs' adherence to Good Governance Principles ensured	Improvement of KICs operation in terms of transparency, effectiveness and efficiency	<p>Assessment concluded as part of the performance reporting by Q3 2020</p> <p>Four additional governance priority areas followed up</p> <p>Transparency action plan implemented</p>	The Assessment was concluded as planned and later further updated in Q4. The assessment included four additional governance priority areas followed up, including the openness and transparency indicating to the KICs areas for improvement, which have been constantly addressed by KICs.

1.3.3.2. Evaluation and impact assessment

Preparation for 7 and 15-year reviews

A methodology of the 7-year review of the 2nd wave of KICs (EIT Health and EIT Raw Materials) was developed taking into consideration the lessons learned from the review of the 1st wave of KICs. The respective KICs have been consulted. The 7-year review is to be launched in 2021.

The development of the 15-year review concept has been postponed to 2021 due to the lack of resources as well as the delay in the adoption of the new EIT legal basis for 2021-2027, which was expected to contain relevant provisions for the reviews.

Development of a Methodology for implementation and mainstreaming of the EIT Impact Framework

To date, definitions and KPIs for short to medium-term results and impacts were developed in line with the HE economic/technological impact pathways 7: *Generating innovation-based growth*; 8: *Creating more and better jobs*, 9: *Leveraging investments in R&I* as well as the HE societal impact 4: *Addressing EU policy priorities through R&I*. The respective Horizon Europe KPIs and definitions had not been developed in 2020 and therefore the finalisation of the EIT Impact Framework will take place in 2021. The rest of the Impact Framework to include data collection methods and timing, data sources, the responsible body for data collection, baselines or benchmarks, risks and assumptions is to be further finalised along with the development of the Horizon Europe data model and Horizon Europe monitoring and evaluation framework. A procurement procedure was launched for selecting a company to finalise the Impact Framework and develop a Methodology for implementation of the Impact Framework and the resulting contract was signed in November 2020. The methodology will be developed in 2021 in close consultation with Horizon Europe monitoring and evaluation framework development.

EIT RIS evaluation

The EIT Regional Innovation Scheme (EIT RIS) was introduced in 2014, and its implementation framework was further strengthened in 2017. In the funding period 2014-2020, the EIT RIS was designed as an outreach scheme and set to be implemented on a voluntary basis by the EIT Knowledge and Innovation Communities (KICs) with an objective to widen participation and share good practice. As of 2016, the EIT began allocating dedicated funds to implement the Scheme.

EIT carried out an EIT RIS evaluation in 2020 in order to take stock of its achievements and delivery methods. In addition, the evaluation took a forward-looking approach to identify recommendations for the upcoming funding period, 2021-2027.

To accelerate the efforts of widening the participation and delivering the impact in the local ecosystems, the EIT KICs have established 64 EIT Hubs in 18 EIT RIS countries, and EIT Digital has local collaborating organisations in nine countries. In addition, EIT RIS countries feature 12 Co-location Centres (CLCs) in five countries.

As an outreach scheme, the EIT RIS significantly helped change the geographical spread of the EIT KICs' networks. Averaging 4% of the total EIT funding across the years 2016-2019, the EIT RIS achieved its set expectations to increase the KICs' presence in the EIT RIS countries and increase the number of partners and other beneficiaries from the EIT RIS countries. Since the introduction of the EIT Regional Innovation Scheme in 2014, the number of partners from the EIT RIS countries has increased by 613%, whereas the number of involved countries has increased by 850%. Furthermore, the EIT funding received by the partner organisations from the EIT RIS countries has three-folded.

The evaluation has shed light on the uneven representation of different EIT RIS countries in the KICs' networks and recommends a better-tailored approach to different EIT RIS countries in the future. Furthermore, the evaluation revealed the need and desire for better integration of the EIT RIS entities and networks into the KICs' partner networks. The proposed EIT Strategic Innovation Agenda 2021-2027 puts an emphasis on the importance of the EIT Regional Innovation Scheme and improved geographical spread. In the next period, the EIT RIS will be integrated into the KICs' multi-annual strategies and thereby will switch its focus and the level of ambition from an outreach scheme to a fully integrated approach across the KICs' thematic areas. The future EIT RIS will need to put emphasis on the integration and geographical spread, and at the same time on a better localisation of activities in the different EIT RIS countries as well better synergies locally that enhance the EIT impact.

Actions	Indicator	Target	Main outputs
7 and 15-year reviews, preparation of Memorandum of Cooperation.	7-year review of second wave KICs 2015-2021 fully prepared and 15-year review concept finalised.	<p>Draft Memorandum of Cooperation in place</p> <p>Year 7 review Terms of Reference finalised (2nd wave KICs) and procurement of consultancy/external experts launched</p> <p>Year 14 review concept note finalised (1st wave KICs)</p>	<p>Development of the Memorandum of Cooperation postponed to 2021-2022.</p> <p>7-year review methodology finalised; Procurement launched.</p> <p>Year 14 review concept note was drafted but not finalised (1st wave KICs).</p>

Development of a Methodology for implementation and mainstreaming of the EIT Impact Framework	Impact framework mainstreamed across the evaluation and monitoring system of EIT	Robust system in place for impact-led planning, data collection, reporting and assessment	An external provider was contracted for the development of the Methodology. The Methodology is to be completed in 2021.
EIT RIS evaluation	EIT RIS reviewed to improve effectiveness	EIT RIS review report ready by Q2 Action Plan based on recommendations in place by Q4.	EIT RIS evaluation report was ready by Q4. The results of the EIT RIS evaluation will feed into the Implementation Framework of the 2021-2027 EIT RIS.

1.4. Horizontal activities

1.4.1 Strategy: Co-ordination and implementation

1.4.1.1. EIT Governing Board meetings and EIT management

Actions	Indicator	Target	Achievements/results
EIT internal strategic co-ordination and implementation	Quality of collaboration between the members of senior and middle management measured by the number of meetings in 2020 Preparation of Strategy Notes on key elements of the EIT/KIC model	Ongoing feedback collection among senior and middle management to assess the quality of collaboration and to identify areas of improvement	Weekly meetings of the EIT Management Team held, list of open priority actions continuously maintained. The Director participated in several unit meetings as necessary, workshops were held in particular on simplification and transition to Horizon Europe.

Strategic coordination and implementation between the EIT HQ and the EIT GB and support services to the latter	Effective preparation and implementation of Governing Board (GB) and Executive Committee meetings, GB Working Groups meetings, Panel, GB Rapporteur and other meetings with GB Members participation including the meeting(s) with the KIC Chairmen	Effective and timely preparation and implementation of at least 4 regular GB meetings, 4 regular Executive Committee (ExCo) Meetings, Annual KIC Hearing in compliance with all applicable rules and procedures	<p>The EIT Governing Board held five regular meetings as planned and adopted 23 decisions.</p> <p>The selection of new GB members started in August 2020 and finalised in 2021 (appointment by the Commission in May 2021).</p>
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1.4.1.2. Planning, programming and reporting

Actions	Indicator	Target	Achievements/results
Planning, Programming and Reporting	Timeliness (preparation and submission) of the documents foreseen in the SPP (Strategic Planning and Programming) cycle, namely Budget, Annual Activity Report, Budget implementation report, Report on budgetary and financial management and Single Programming Document	<p>Budget 2021, Draft budget 2022, AAR 2019, Budget implementation report 2019, Report on budgetary and financial management 2019 produced and transmitted on time</p> <p>EIT Governing Board adopts the Single Programming Document 2021-2023, Budget 2021 and Draft Budget 2022 by end-Dec 2020</p>	<p>Budget 2021 adopted in 2021 due to the delayed negotiations on the MFF 2021-2027. Draft budget 2022 submitted to EAC in February 2021. Report on budgetary and financial management 2019 transmitted by the deadline.</p> <p>Single Programming Document 2021-2023 and Draft SPD 2022-2024 were adopted with delay in February 2021 due to the combined effect of the delayed negotiations on the MFF 2021-2027 and the delayed political agreement on the EIT Strategic Innovation Agenda 2021-2027.</p>
	Timeliness (preparation and submission) of internal quality reporting	On-time delivery of accurate internal reports (ad-hoc, monthly or quarterly) and bi-monthly summary reports for the	<p>Quarterly budget execution reports mentioning the deviation to the forecast produced.</p> <p>Monthly procurement</p>

		Commission and GB	reports with comparison to the forecast. Bi-monthly activity reports for Commission and GB produced
Implementation of the Annual Work Programme	Timely implementation of the Annual Work Programme part of the SPD 2020	95% of activities implemented by Q4 2020	Completed with a few activities postponed or delayed to 2021 as presented in this report. It is important to add that a significant new activity, not foreseen in the 2020 Annual Work Programme, was also implemented: managing the EIT Crisis Response Initiative as presented in this report.
Preparation to and follow-up of audits	Timely replies to audit requests, draft audit reports and preparation of action plans	100% of audit requests and draft audit reports responded to within the given deadlines. Action plans prepared and followed up respecting the deadlines	100% of all audit requests and draft audits responses were provided within the given deadlines. Action plans were prepared in due time, however in case of 3 issued actions plan, additional follow-up adjustments were needed, based on the feedback provided by the IAC.

1.4.1.3. Internal control and risk management

Actions	Indicator	Target	Achievements/results
Internal Control Framework	EIT achieves a high level of implementation of Internal Control Framework	Internal control framework is implemented and MoU with the Commission adhered to	In January 2020 the EIT adopted its revised ICF and updated the self-assessment methodology, aligning it to the COSO provisions and the Commission's ICF. The first self-assessment

			of the EIT's ICF was undergone in Q1 and Q2 2021 and reflects on the implementation of the EIT's ICF in 2020.
Risk Assessment/Risk Management	Critical risks are identified and addressed	<p>Critical risks are identified in the Annual Work Programme and action plans to address them are in place, review as part of the Annual Activity Report</p> <p>80% of recommendations from the audit follow up register are closed</p>	<p>The 2020 critical identified risks at EIT level were are specified in the AWP, however not all critical risks identified at the unit level were reflected in the AWP. An update of the risk register was undergone in June 2020 at unit and EIT level.</p> <p>In 2020 the EIT closed 30 open recommendations comprising 36% of the open recommendations.</p>
Implementation of the EIT Anti-Fraud Strategy	Efficient and effective EIT Anti-Fraud measures	100% actions of the Anti-Fraud Strategy and Action Plan for 2020 implemented, strategy reviewed and action plan updated	<p>12 out of the 13 actions foreseen in the EIT's Anti-Fraud Strategy 2018-2020 have been completed (92% completed).</p> <p>The action on supporting KICs in revising and adjusting the measures through a fraud risk assessment has not been finalised in 2020. The EIT KICs AF representatives together with the EIT AF Coordinator are developing dedicated AF Strategies at KIC level to enable the EIT Community to enhance further the AF measures in place.</p> <p>The EIT's Anti-Fraud Strategy and action plan were reviewed to cover the EIT's Community AF measures for the</p>

			upcoming 2021-2023 period.
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1.4.2. Internal communication and work environment

Actions	Indicator	Target	Achievements/results
Internal Communication	Efficient internal communication structures are in place.	<p>> 95% of staff is fully aware of the EIT and their own objectives and priorities (survey)</p> <p>All EIT Director's decisions are communicated to staff in a timely manner</p> <p>Regular management and unit meetings take place</p> <p>Regular general staff meetings are organised following Governing Board meetings</p> <p>Implementation of the internal communication and work environment action plan, updated following the staff survey</p>	<p>All staff in active employment concluded their annual objectives in writing.</p> <p>All decisions are available on the staff intranet and in the Ares filing system immediately.</p> <p>Weekly management meetings, monthly meetings with Heads of Sections and regular unit meetings took place.</p> <p>Regular general staff meetings were organised after each GB meeting.</p> <p>HR and IT information sessions were organised and regular HR and IT newsletters sent to all staff.</p>

1.4.3 Administrative support

1.4.3.1. Human resources

Actions	Indicator	Target	Achievement/results
HR Management – Recruitment	Timely and compliant completion of selection procedures	Publication of the vacancy notice within 6 weeks of a vacant post and completion of reserve lists within 4 months from the	5 selection procedures were completed in 2020 with an overall average completion of 5 months from the deadline of the call to the establishment of

		deadline for applications	the reserve list.
HR Management – Training	Identification of in-house training courses in the learning and development plan	100% of training sessions provided according to plan	In view of COVID, training priorities were modified to accommodate more relevant trainings for the benefit staff. According to the training plan, all trainings were carried out, notwithstanding COVID-19 challenges. Due to exceptional COVID circumstances, two trainings (interviewing and drafting ToRs), were replaced with more relevant trainings such as ‘Dealing with stress’. Some trainings were transformed online.
Implementation of the EIT Traineeships programme	Trainees support EIT activities and increase knowledge of EIT	At least 10 traineeships successfully completed in 2020	12 new trainees started in 2020. 9 traineeships were successfully completed in 2020. 4 traineeship contracts were extended in 2020 for a further 6 months.
Ensure full use of available human resources	Reduction of the vacancy rate Use of interim staff for long-term (e.g. maternity) leaves	Not more than 3 vacant posts on average Interim staff in place for all long-term leaves without delay	The staff number as of 31 December (including SNEs) was 66 out of a total number of 70 posts. Interim staff was deployed to cover long-term absences, projects, or peak workload. As of 31 December 2020, 11 interim contracts were concluded or extended.
Implement obligations in the EIT staff Regulation	Effective and efficient implementation of provisions under the Staff Regulation	Adopt implementing rules of the Staff Regulation	Appraisal exercise was completed in Q2. Due to shifting priorities in

		<p>Compliance with all provisions of staff rules and regulations in place</p> <p>Timely completion of appraisal (by Q2) and reclassification (by Q3)</p>	<p>HR to provide more social support in the area of medical services and vaccines as well high-level recruitment priorities, the completion of the reclassification exercise was shifted to Q4.</p> <p>The following implementing rules were adopted by the GB in 2020:</p> <ul style="list-style-type: none"> • Transfer of pension rights, • Non-application of the Commission Decision on the maximum duration for the recourse to non-permanent staff in the Commission Services, • Procedures for dealing with professional incompetence, • Setting up a staff committee, • On the duties of Commission drivers.
Staff committee	Number of meetings between EIT management and staff committee	At least two meetings between EIT management and staff committee	<p>Implementing the rule on setting up a staff committee was adopted in 2020.</p> <p>Staff Committee met with the EIT Director on two occasions.</p>
Gender Action Plan	EIT effectively promotes gender equality and women entrepreneurship	Gender Action Plan 2020 implemented.	In 2020 the EIT managed to launch and engage all the EIT Community in its GE Network. Dedicated website and meetings were

		Gender focus point designated.	organised. The KICs acknowledged the need for a balanced representation and a gender-responsive portfolio has been designated. The EIT Community KICs have started their work on drafting the GE Policies and GEPs in order to define their plan-act-check cycle for the first 3 years of the HE (2021 – 2023). Gender focus point designated.
Staff support services	Effective staff support services provided	At least 3 new or improved support services launched (e.g. medical, host country support, reception service, social policy) SYSPER2 is operational and in use by end Q1	SYSPER: all basic modules, including time management, flexi-time, telework and career module and personnel data modules, ORG modules were launched, ensuring smooth electronic workflows. Internal re-organisations were managed in SYSPER successfully. Due to COVID-19 challenges, PCR testing and flu vaccinations were organised for staff. In addition, continuous updates and information on medical services were provided to staff.

1.4.3.2. Finance, procurement and accounting

Activity	Indicator	Target	Achievement/results
Implementation of the annual budget	High level of absorption of EIT funds	> 95% of non-grant commitment and > 90% payment appropriations absorbed by Q4	Quarterly budget reports provided. Three budget amendments and three transfers took place.

			Execution rate of non-grant commitments is 93.3%. Execution rate of payments is 98.5%.
Implementation of financial transactions	<p>Legality and regularity of commitments and payments</p> <p>Payments transferred in line with the legal due dates</p>	<p>For <2 % of commitments and payments errors are detected</p> <p>Min 95% of payments are authorized in less than 27 days from registration (considering suspensions)</p>	<p>Errors on payments detected as part of the quarterly accounting control and corrected.</p> <p>94.4% of payments executed within the legal deadline.</p>
Procurement	<p>Efficient and effective procurement procedures completed</p> <p>Managed EIT contract portfolio</p> <p>Procedures implemented are compliant with the applicable rules</p>	<p>Min 85% procurement procedures completed in line with the 2020 procurement plan by Q4 (subject to the initiation of the operational units) including 100% of the prioritised procurement procedures</p> <p>Structured contract portfolio information is available.</p> <p>Less than 3% of procurement procedures trigger complaints / court cases</p>	<p>95% of procurement procedures were completed in accordance with the 2020 PROC plan. All priority procedures were completed except the new framework contract for communication services and event management. A number of new procedures were added to the PROC plan during the year, structured contract portfolio is maintained in ABAC LC module, there were no formal complaints/ court cases in relation to procurement procedures in 2020.</p>
Accounting	Effective implementation of SLA with the Commission	Effective liaison with DG BUDG	<p>Quarterly accounting controls performed for Q1, Q2 and Q3.</p> <p>EIT accounts prepared and transmitted on time.</p> <p>All inter-agency balance raised in 2020 settled.</p>

1.4.3.3. ICT, document management and infrastructure

Management of Information and Communication Technologies (ICT)

Actions	Indicator	Target	Achievement/results
IT Strategy	IT Strategy adopted and implemented	Adoption and implementation of IT strategy and related master plan Effective EIT IT governance	IT Strategy and IT policy have been adopted. On this basis, a number of services were implemented: email, SharePoint intranet/extranet, Teams, Office365, GovSec, Implementation of the Digital Workspace for teleworking.
IT Security Policy	Effective IT security	Development of IT security strategy LISO reporting Mitigation measures implemented	General IT Security Strategy developed and adopted. Implementation of new Monitoring and alerting System, Update all devices and servers. Phishing exercise, Remote backups in place
Awareness and trainings in the field of ICT	Number of trainings and awareness events	2	Security Awareness training by CERT-EU EIT Cloud training
Servers' availability ensured	1. Servers' availability (average over one year) 2. Planned maintenance	1. > 96% 2. 4 days	>96% 12 h
Provide adequate ICT systems and infrastructure	Adequate IT and infrastructure tools available to staff made available and backup solutions in place Hours of continuous downtime of systems minimised and timely response to user requests provided	Make general and individualised IT systems permanently available to all staff as required Maximum three-hour downtime of system per incident <10% of normal user requests require more than two working days to	The services migrated to the Cloud that has 99.9% availability. During 2020 no downtime was recorded for Grant Management System. All critical systems were migrated to the cloud with 99.9% availability. 2020 tickets: 703. Less

Provide high availability for the DUNA Core Business website	Minimum downtime of the EIT core business website for Grant Management	resolve <10% of critical tickets are solved within 4h Duna site availability > 98%	than 70 normal tickets took more than 2 workdays to resolve. 2020 tickets: zero critical tickets. Duna availability: 99%
IT Inventory management	Up to date register/ inventory and effective tracking	IT asset inventory completed with >98% accuracy	IT asset inventory check completed with a result of 96.05% accuracy.

Document Management

Actions	Indicator	Target	Achievement/results
Document Management System	Reliable and comprehensive implementation of DMS	Comprehensive DMS (HAN) fully operational	HAN fully operational and in use.
Organisation of archiving and storage	Adequate guidance and procedures in place	Full implementation	SOP on document management archive and storage Note on physical archiving and storage. Instructions for intermediate archives and on current archives developed.
Data Protection	Implementation of new Data Protection rules	DPO action plan implemented	36% of the DPO action plan for 2020 was implemented. 23 out of the 64 records containing personal data processing operations were updated.

Logistics and Building Management

Actions	Indicator	Target	Achievement/results
Office facilities maintained	EIT premises in Budapest and EIT House in Brussels run effectively	Effective overall maintenance of office space at EIT HQ and provision of supplies Planned actions submitted to management for approval by Q1 and completed by Q4	Office facilities were maintained in Budapest and Brussels as well as COVID-19 measures implemented. Planned actions are reviewed with management on a quarterly basis.
Sustainability Agenda	EIT improves its sustainability performance	EIT designates a sustainability officer by end Q1 Action Plan adopted by management by end Q1	The sustainability officer function is maintained by the LOG section. No action plan was adopted in 2020. It was delayed for 2021.
Furniture inventory management	Up to date register/ inventory and effective tracking of EIT assets	Furniture inventory check completed with >98% accuracy Complete retirement of a tangible long-lived asset end, incl. virtual write off	Furniture inventory check completed with a result of 99.59% accuracy. Virtual write-off postponed to 2021.

1.4.4 Internal Audit Capability

Activity	Indicator	Target	Main outputs
Provision of Internal Audit services	Timely preparation of the IAC audit plan	Audit plan adopted by the EIT GB by March each year	The 2020 Annual Audit Plan was adopted on 23/12/2019 on the basis of the 2018-2020 IAC Strategic internal Audit Plan (Dec. 31/2017 of the EIT GB).
Provision of Internal	Timely production and transmission of IAC audit	Submission of the reports to the Director	7 reports were delivered: 5 planned engagements and

Audit services	reports	and to the Governing Board by end of the year	one unplanned final communication was delivered by end-2020. The finalisation of a report was postponed following endorsement by the Audit Committee on 08/11/2020. In addition, the IAC sent its annual report 2019.
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PART II - MANAGEMENT

2.1. EIT Governing Board

The EIT Governing Board (EIT GB) consists of **12 members that are appointed by the European Commission**, aiming to ensure gender and geographical balance, as well as a balance between those with experience in business, higher education, and research. They have a **four-year, non-renewable** term of office, except the ones substituting members who have resigned during their mandate, as they serve for the remaining term of office of the members having resigned. The members of the Board act in the interests of the EIT, safeguarding its goals, mission, identity, autonomy and coherence, in an independent and transparent way. The EIT GB is assisted by an Executive Committee composed of four EIT GB members, including the Chair of the EIT GB and a Commission Observer.

In 2020, the EIT conducted **two exercises of conflict of interest verification** of EIT GB members, the annual exercise and the verification related to KIC Business Plans. In cases where an actual or potential conflict of interest was identified, appropriate measures were implemented depending on the associated risk level of the identified conflict.⁷

In 2020, the **EIT GB held five meetings online**, including the hearings of the eight KICs in the context of the allocation of EIT financial contribution to KICs for 2021. Furthermore, the EIT GB Chair **had an online discussion with the Chairs of the Supervisory Boards of the KICs** to discuss strategic issues in June 2020. The Executive Committee met regularly via videoconference meetings to prepare for the EIT GB meetings.

The EIT GB members took an **active role in the grant allocation process** for the KICs for the year 2021. Specifically, four EIT GB members acted as Rapporteurs for the four waves of KICs. The Rapporteurs participated in online meetings with the KICs' management and governance teams and followed up on the strategic recommendations put forward by the EIT GB in 2019 contributing strongly to the grant allocation decision.

With regard to the end of the mandate of eight EIT GB members on 30 June 2020, **the Board launched a selection procedure for up to eight members on 2 August 2019**.⁸ As a result of the process, four new Board members were appointed by the Commission and started their mandate on 1 July 2020, while a **new selection procedure with a similar approach was launched on 3 August 2020**⁹ with the objective to fill the four remaining vacancies. The Call was launched via a news item that was published on the EIT's website.¹⁰ All of the relevant decisions of the Board were included in the news item and were made publicly available. The Call was extensively promoted across all of the EIT's social media channels, which generated 180 interactions on Twitter, over 370 likes on LinkedIn, and more than 4100 interactions on Facebook, with an overall 146.000+ impressions on the three platforms. The EIT also informed

⁷ According to Decision 13/2015 of the Governing Board of the European Institute of Innovation and Technology (EIT) on the Code of Good Conduct on Conflicts of Interest for Members of the EIT Governing Board, as well as the accompanying methodology to the individual assessments.

⁸ Decision 13/2019 of 2 August 2019 on the 2019 Call Text for Expressions of Interest for the Appointment of up to eight new Members of the EIT Governing Board.

⁹ Decision 18/2020 of 31 July 2020 on the Selection Procedure for new EIT Governing Board Members (ref. Ares(2020)6709776).

¹⁰ <https://eit.europa.eu/news-events/news/calling-europes-innovation-leaders-join-eit-governing-board>

a wide range of stakeholders across Europe about the Call, including the EIT Member State Configuration, the Chairs of the EIT Knowledge and Innovation Communities (KICs), former and current members of the EIT Governing Board and umbrella organisations. In addition, the Call was promoted during key meetings and events across Europe. The deadline for the Call was extended from 30 September to 16 November 2020 in order to ensure that candidates with appropriate qualifications and experience, representing the various segments of the knowledge triangle, have the opportunity to apply. Moreover, the Commission informed of the Call through the EUROPA website, the Commission's relevant social media outlets, and through a specific request to the Member State representatives in the Research Working Party to disseminate the information. The EIT also advertised the Call in The Economist, POLITICO, Global Academy Jobs, EuroSciences, and The Uni Jobs, as well as in Science|Business' biweekly newsletter in September 2020.

As a result of the Call, **the EIT received 314 applications**. In line with the provisions of the Call text, applications were assessed by a Steering Committee composed of three Governing Board members, which also conducted interviews with the highest-scoring candidates, before submitting a proposed list of candidates to the EIT Governing Board. Finally, the EIT GB formally submitted the adopted shortlist of candidates to the Commission. On the basis of the proposed shortlist of candidates submitted by the Board, the Commission has appointed the new members of the Board (May 2021).

Besides actively attending the EIT GB meetings, the members took on additional roles in **promoting the EIT amongst key stakeholders** in bilateral meetings and with speaking engagements at high-level conferences and events, including various conferences under the Croatian and German Presidencies of the Council of the EU. In 2020, the **EIT GB adopted 23 formal decisions**, which can be consulted on the EIT's website.¹¹

2.2. Major Developments

In 2020, the **EIT Community continued to deliver** impact and ground-breaking innovations. The EIT Community has already supported over **3,200 start-ups and scale-ups**, which have raised more than **EUR 3.3 billion in investments** and brought over **1,170 new products and services** to the market. Additionally, more than **3,100 students** have graduated from EIT-labelled programmes and thousands more benefitted from entrepreneurship training. Further demonstrating the attractiveness of the EIT Community, **participation** in the Knowledge and Innovation Communities increased to more than **2,000** by the end of 2020.

After nearly 20 months of negotiations, on 28 January 2021, the co-legislators reached a political agreement on the **EIT Strategic Agenda 2021-2027** and recast **EIT Regulation** during their fourth political trilogue. Afterwards, both the European Parliament and the Council adopted the final legal texts in April and May 2021, respectively.

At the beginning of the **COVID-19 crisis** in February 2020, EIT quickly established a sound system for monitoring and assessment of the crisis and its impact on the Institute. Since then, staff has been regularly provided with updates based on relevant information sources on the most recent developments, as well as with practical instructions aimed at alleviating the imminent health risks. Official travels were limited to a minimum or cancelled, external visitors were not allowed to EIT, interviews with applicants for EIT positions and external meetings were switched entirely to videoconferencing, and additional hygienic measures were introduced on the office premises. As of mid-

¹¹ <https://eit.europa.eu/newseit-governing-board-meetings-and-decisions>

March 2020, EIT switched to teleworking for all staff, all events and meetings were moved to the virtual space as well, and since then measures have been carefully following the situation and advice from national authorities and the European Commission. A staff survey on the COVID-19 implemented measures were carried out in May-June 2020, where results showed that the staff highly valued the measures put in place by the office, both with regard to regular communication as well as to business continuity and services provided to staff. The EIT follows both the policies established by the European Commission and the instructions of the host country in managing the impact of the COVID-19 crisis on the EIT's operations and its staff. Most of the EIT staff still work from home as of May 2021 with a voluntary presence in the office.

As of 1 July, four new members joined the EIT Governing Board and Ms. **Gioia Ghezzi** took over the **Chairmanship** of the Board, while on 3 August, a **new call for expressions of interest** for the appointment of new members of the EIT Governing Board was launched to fill the remaining four seats.

The EIT Governing Board's hearings in November 2020 were held online for the first time and gathered the eight EIT Knowledge and Innovation Communities (KICs). The hearings resulted in the allocation of **EUR 358 million of EIT financial contribution** for the implementation of the KICs' Business Plans for 2021.

The EIT 2020 Stakeholder Forum umbrella consisted of three meetings and three online consultations that took place between September and December 2020. It attracted **1.076 participants: 935 viewers** participated in the online sessions and **4.556 stakeholders** visited Forum-related pages on the EIT website during this period. **Social media** communications resulted in a reach of **799 000 and 533 interactions**. On 7 December 2020, the EIT organised the **Annual Member State Configuration meeting**, the last session of the series. A total of 25 representatives from 20 Member States, representatives of DG EAC and the 8 KIC CEOs attended the MSC meeting.

As a special highlight of the year, the **EIT Awards Ceremony** took place virtually on 8-9 December, showcasing the achievements of successful graduates, entrepreneurs and innovators supported by the EIT Community. **28 innovators from 13 different countries** were nominated, and the winners were announced at the ceremony. The EIT website gained 125 403 unique page views and all social media channels outperformed during the communications campaign. In the run-up to the event, interviews with nominees and EIT representatives were pitched, and two press releases were distributed. 204 articles were published about the EIT Awards in 2020.

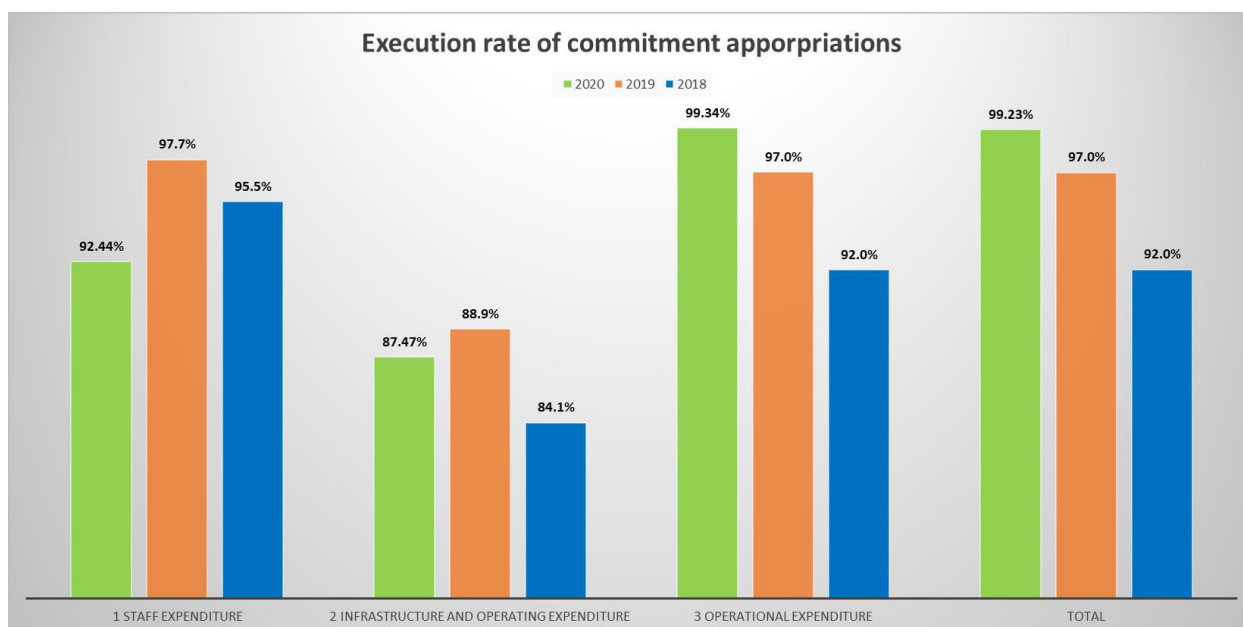
2.3. Budgetary and Financial Management

Planning

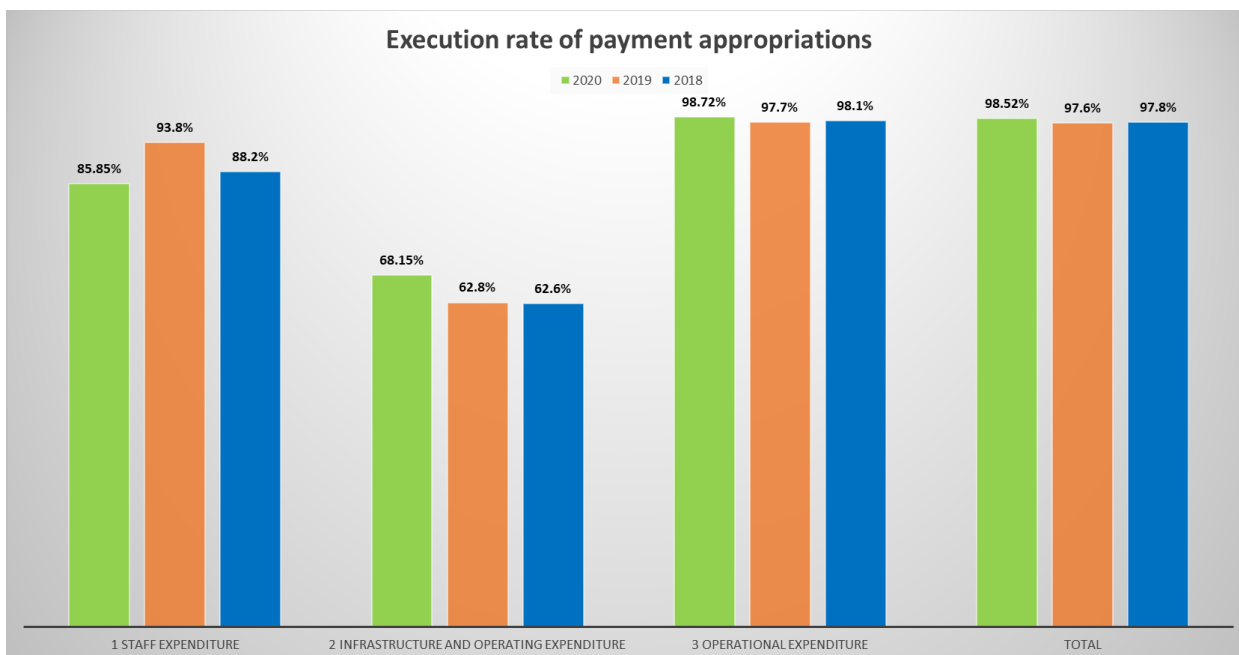
The EIT's medium-term priorities were set out in its rolling Single Programming Document 2020–2022, which incorporates the annual work programme and financing decision for 2020. The Single Programming Document is adopted by the EIT Governing Board on the basis of proposals by the EIT Director following the opinion of the European Commission.

Implementation

The budget of the EIT amounted to 549,752 kEUR in 2020. For commitments, the EIT reached an implementation rate of 99%, which improved compared to 2019 (2019: 97%, 2018: 92%, 2017: 91%). On Title 1, the execution rate decreased from 98% to 92% that results from the nature of certain costs as well as the unforeseen length of COVID-19 crisis. On Title 2, the appropriations were implemented at a slightly lower rate than in 2019, namely at 87% (2019: 89%) due to the nature of the costs. The implementation rate of commitment appropriations on Title 3 (99%) is higher than in 2019 (97%) mainly owing to the quick and timely response to COVID-19 crisis by transferring funds to the KICs.



The implementation rate of payment appropriations, representing 99%, was very high. There was a slight increase compared to 2019 (98%). On Title 1 the execution rate decreased significantly compared to 2019 (from 94% to 86%) owing to the duration of 12 contracts going beyond the financial year (e.g. for interim agents, IT assistance, etc.). The execution rate of payments on Title 2 infrastructure and operating expenditure increased to 68% from 63%. The low implementation rate is explained by the fact that there are certain expense types that typically incur during the final months of a year and therefore must be paid in the following year, such as cleaning services and telecommunications. In addition, EIT ordered several products/services (IT, furniture) where there was non-delivery before the year-end mostly due to the COVID-19 situation, or the contractor did not succeed to issue the invoice before year-end.



Amendments and transfers

Three budget amendments were adopted by the EIT Governing Board during the 2020 financial year. The EIT Director approved three transfers, which are below the limit established by the EIT Financial Regulation.

Carry-over/re-entry from previous financial year(s)

63% of the non-differentiated appropriations, namely the administrative appropriations carried over from 2019 to 2020 were paid, which represents a low level of execution, considering the nature of these expenses. The estimation of amounts to be carried over must be further improved.

On Title 1 budget lines, 73% of appropriations carried over were paid. The low implementation rate on Title 1 appropriations derives from training, mission, agency staff and administrative assistance expense, mostly for activities that were put on hold due to COVID-19, and to some extent due to overestimation.

On Title 2 budget lines, 55% of appropriations carried over were paid. The low implementation rate on Title 2 appropriations derives from expenses related to fitting out works, furniture acquisition, postage, telecommunication, legal, meeting and travel cost of GB meetings, which by nature are difficult to forecast, especially under the COVID-19 conditions, or as a result of exchange rate difference.

Budgetary commitments on Title 3 budget lines corresponding to obligations duly contracted and not or only partially paid at the closure of the financial year were carried forward from 2019 to 2020. The execution rate of 87% for operational expenses was mainly due to the following: KICs could not fully absorb the 2019 grants and certain contracts were extended beyond the financial year.

RAL situation at the end of the financial year

RAL volumes vary considerably. This is a consequence of the time lag between commitment and payment rather than a problem specifically related to a particular EIT activity. The amount of outstanding commitments as of 31 December 2020 was EUR 187.6 million, which represents an increase of 28% compared to 2019. A breakdown elaborating on the outstanding commitments is provided in the table here-below. The high amount of RAL for Title 1

staff expenditure comes from the extension of several interim agents' contracts to 2021 as well as from trainee and IT support contracts that started in the second half of the year and will end in 2021.

The high amount of RAL for operational expenditure is the result of the budget increase for KIC grants. Due to the nature of these grants, and the fact that payment of final balance (an average of 30% of the grant amount) is executed in year N+1, the amount of RAL is, and will always remain, very high.

Budget Title	2020	2019	2018	Change from 2019 to 2020, EUR	Change from 2019 to 2020, %
1 Staff expenditure	435,167.87	233,214.68	438,508.03	201,953.19	87%
2 Infrastructure and operating expenditure	170,295.06	285,253.22	295,179.64	(114,958.16)	-40%
3 Operational expenditure	187,041,313.00	145,675,666.90	110,427,233.91	41,365,646.10	28%
TOTAL	187,646,775.93	146,194,134.80	111,160,921.58	41,452,641.13	28%

Pursuant to Article 12(6) of the FFR, non-differentiated appropriations, corresponding to obligations duly contracted at the close of the financial year, are carried over automatically to the following year. The level of amounts of staff-related commitments (Title 1) carried over to 2021 is very low, although it is higher compared to 2019 (2020: 7%, 2019: 4%). On Title 2 the relatively high rate of 22% is lower than in 2019 (29%). 35% of differentiated appropriations (operational expenses) carried over from 2020 to 2021 owing to particularly 2020 KIC grants to be paid in 2021. The rate is slightly increased compared to 2019. (2020: 35%, 2019:31%)

Budget Title	Commitments made	Outstanding	% of outstanding commitment and commitments made
1 Staff expenditure	6,103,236.43	435,167.87	7%
2 Infrastructure and operating expenditure	770,867.69	170,295.06	22%
3 Operational expenditure	538,667,009.59	186,527,347.68	35%
TOTAL	545,541,113.71	187,132,810.61	34%

Management information systems

The EIT used the following software during the financial year:

- BLUEBELL for budgetary planning and monitoring,
- ABAC Workflow for budget management, budgetary accounting and contract management,
- SAP for financial accounting (general accounting),
- SPEEDWELL for electronic payment workflow,

- Datawarehouse for financial reporting,
- ABAC Assets for fixed asset management,
- SYSPER for human resources management,
- MIPS for mission management,
- EMI for expert contract and payment management,
- EIT collaboration platform “DUNA” for submission of KICs business plans and reports.

Reporting

Budget execution was reported to the EIT Management on a quarterly basis with deviations from budget execution targets by budget chapters, thereby identifying mitigating actions if and when needed. In addition, the implementation of the EIT Annual Work Programme was continuously monitored. These allowed for corrective actions to be taken where needed to optimise the utilisation of available human and financial resources. The allocation of financial resources was reviewed once in August 2020 and re-allocations were formulated where required.

2.4. Delegation and sub-delegation

The mechanism of delegation is set up through an Internal Note signed by the EIT Director which identifies the responsibilities per budget lines.

The EIT Director acts as Authorising Officer. In line with the EIT Financial Regulation, the Authorising Officer has delegated his power of implementation of revenue and expenditure to the Heads of Units for all transactions, for budget lines they are in charge and up to EUR 60 000. The only exception is applicable for the transactions related to salaries, as the Head of Unit Services and Finance has unlimited rights on salary budget lines. In the absence of the Head of Unit Services and Finance, the EIT Director acts on transactions related to salaries. Delegations are granted without time limits. The function of Authorising Officer by sub-delegation is not applicable. Co-delegation is applied on a limited number of budget lines.

Deputisation for AOD is regulated via requests by the AOD for periods longer than three working days. The request shall indicate material transactions expected during the period for deputisation. On a quarterly basis, each AOD reports to the AO on the implementation of appropriations he/she is responsible for.

2.5. Human Resources (HR) Management

Recruitment

A total of eight selection procedures were launched in accordance with the EIT recruitment guidelines in 2020. Out of these eight selection procedures, four procedures were launched in the late second half of the year due to EIT operational gaps identified for the next programming period and in anticipation of additional tasks set for the EIT. A total of 5 selection procedures were completed in 2020. It took an overall average of 5 months to complete these selection procedures, from the deadline of the vacancy notice to the establishment of the reserve list. New measures were introduced to accommodate online testing and interviews, triggered by the COVID-19 pandemic and travel restrictions.

Due to an extensive reserve list that was created for the 2019 traineeship call, this reserve list was utilised throughout 2020 for an intake of 12 new trainees. In addition, five contracts were extended for a further 6 months.

Following the signature of the new framework contract for interim services in August 2019, the EIT has proceeded to procure interim services to cover long-term absences, projects and peak workload, where identified. In total, eleven interim service contracts have been successfully concluded or extended in 2020.

Learning & development

The HR section proposes at the end of every year to the EIT management a training map programme that enables Heads of Units to identify the needs and requests of staff members working within their units, and to identify areas of weaknesses or poor performance and best solutions to the performance problems.

By adopting a training map programme before the end of the year, Heads of Units are able to use this training map as a tool to improve the general performance of the Unit as well as to plan ahead the general objectives of the Unit directly linked to the content of the training.

The abovementioned training map is mainly targeted to in-house learning activities which allow the development of trainings tailor-made to the needs of the Agency, and in particular, of the EIT staff members.

In 2020, a revised Learning and Development Guide was developed and adopted by the EIT to provide more clarity. Several learning and development-related FWCs with DG HR were also renewed to ensure that training opportunities were readily available for EIT staff. In 2020, all trainings were offered online triggered by the COVID-19 pandemic and travel restrictions.

In line with the above and in order to offer benefits to the individuals and the organisation as a whole, the following in-house training sessions were organised in 2020 and due to COVID-19, a couple of trainings were replaced with more relevant training sessions and the majority of trainings took place online, e.g.: Ethics & Integrity, prevention of harassment, SYSPER, data protection, in-house language courses, dealing with stress, in addition to the EIT team building day (which focused on organisational culture and simplification/efficiency gains) and courses attended individually by staff members online.

Staffing situation

Out of the 70 posts allocated according to the 2020 establishment plan, 66 posts were filled on 31 December 2020. Out of the 4 vacant posts on 31 December 2020, two were TA (AD) positions, one CA position and one SNE position. The vacant SNE position proved difficult to fill in 2020, given the specific contractual conditions attached to the SNE contract, and which has had an impact on human resources capacity in carrying out operational activities.

2.6 Strategy for efficiency gains

The EIT has been striving to achieve efficiency gains for many years now in order to address its structural under-staffing that has been confirmed by the European Court of Auditors. The EIT introduced dedicated IT systems by the end of 2016 to improve the efficiency of budget planning and to introduce paperless finance workflows. In 2017-2019, the EIT also introduced Commission IT tools such as ARES for document management, SYSPER for HR management and also outsourced its Accounting Officer function to the European Commission. Furthermore, the

EIT carried out an internal reorganisation and in 2018 finalised and updated all key Standard Operating Procedures. These measures translate into immediate efficiency gains.

In the area of grant management, the EIT set up a Task Force for Simplification in 2015, with the involvement of KICs, in order to reengineer the grant-related business processes to reduce unnecessary administrative burden while maintaining a high level of assurance. As a first result, the EIT introduced a revised, “first time right” system for the assessment of KIC reports as of 2016. This revised process is estimated to have led to an efficiency gain of 0.5 FTE on an annual basis, which was necessary for 2016 to be able to ensure an appropriate assessment of KIC reports and a high level of assurance despite the EIT’s limited human resources.

The Task Force Simplification is still active in 2021 and continues to ensure that grant-related business processes work efficiently. During 2020, the EIT continued to implement its simplification strategy aimed to align and optimise EIT/KIC business processes to reduce unnecessary administrative burden and controls, improve predictability and timeliness of decisions, coherence, clarity while increasing the focus on results; and to improve the internal processes through a thorough review, clarification and simplification of financial circuits, actors and procedures underlying transactions and improved use of IT tools.

Furthermore, the EIT initiated structured cooperation with the Common Support Centre in November 2017 with the aim to rely more on the accumulated knowledge and experience of the European Commission in implementing Horizon 2020.

Furthermore, in order to reduce costs, improve efficiency and promote best practices in the area of public procurement, the EIT participates in several inter-institutional procurement procedures of the European Commission and of other agencies, in particular, the EIT took part in: the call for interest for call expressions of interests for inter-agency confidential counsellors led by the EMA, procurement procedure for "Broker Services for Advertising Related to Recruitment" organised by EIOPA and participation in the Management skills Assessment call organised by EIOPA for the recruitment of Heads of Unit. EIT uses several of the Commission's framework contracts for ordering services in order to achieve efficiency gains in its procurement activities. In addition, the EIT has a Memorandum of Understanding with CEPOL, also located in Budapest, covering several joint activities, such as joint training courses or a joint medical tender concluded in 2018. Furthermore, the EIT and CEPOL have carried out a joint public procurement procedure for IT services. The EIT will continue to work with CEPOL to explore further synergies such as conducting common procurement procedures or sharing services in the future. Finally, the EIT introduced a budget management IT system (Bluebell) and a paperless workflow system (Speedwell), developed by ERC, that has further increased the efficiency of operations. Representatives from other EU agencies were also invited to provide internal training at the EIT premises and EIT House, in particular, regarding Ethics & Integrity and Anti-fraud training to the KICs. This action contributed to reducing the costs of the budget allocated to the EIT trainings.

As a result of the above efficiency gains, the EIT has gained the equivalent of an estimated 2.5 FTE assistant positions. However, these efficiency gains have been immediately absorbed by an increasing workload related to the growing number of KICs, budget and tasks at the EIT.

The EIT continues to strive to achieve further efficiency gains in the following areas in 2021:

- Sharing services with other agencies or outsource some services (e.g. archiving, IT security, etc.);
- Targeted use of interim staff and trainees, additional requests for national experts and Commission secondments. In particular, the EIT will use a limited number of interim staff for an extended period, in line with the applicable legislation, in order to be able to deliver on its ambition;

- Simplify internal processes and review procedures in view of the new EIT Regulation and Strategic Innovation Agenda;
- Implementing the **EIT action plan on simplification and efficiency gains**, which was launched in 2020, driven by participatory leadership collaboration in the following streams:
 - Further simplification of grant processes, in particular the Business Planning and Reporting processes as well as KIC partner management
 - Document management
 - Reduction of the number of commitments and payments
 - Improving internal communication across units
 - HR processes
 - Introducing an overarching competency framework

The EIT action plan defines the assigned teams, roadmaps, main milestones, and specific KPIs to make simplification and efficiency gains happen. This has been included in the 2021 objectives of the team members and continuous monitoring and support from the management team is in place to secure participation and results.

2.7 Assessment of audit results and ex-post evaluations during 2019

2.7.1 Internal Audit Service (IAS)

The Internal Audit Service has prepared a report on significantly delayed IAS recommendations 2020 (ref. Ares(2021)1573767 – 02/03/2021), according to which there was no open critical or very important IAS recommendation; There were a number of significantly delayed important IAS recommendations that were still open.

In 2020, the IAS started the first audit of its Strategic internal Audit Plan 2019-2021, the audit on human resources management, which was ongoing as of end-2020.

2.7.2 Internal Audit Capability (IAC)

2.7.2.1 Independent External Quality Assessment of the IAC's work

The IAC successfully passed its first External Quality Assessment. As a result, the IAC of the EIT is entitled and recommended to use the term “conducted in conformance with the Standards”.

Background

EIT Audit Committee discussed and selected¹² an independent, qualified external assessor team to conduct the External Quality Assessment on the Internal Audit Capability’s work. The External Assessor Team conducted the assessment in 2019 and 2020. The final report was received on 28/09/2020.

Objectives and scope

The objectives of the Quality Assessment were to assess:

1. Conformance with mandatory internal auditing requirements, including the *Standards*¹³.
2. Whether Audit Committee and management expectations of Internal Audit are being met.
3. Evaluate IAC’s effectiveness in carrying out its legal requirements and mission (as set forth in its Founding Regulation, Financial Regulation, Charter) and identify opportunities to enhance its management and work processes, as well as its value to EIT.

The scope of the Quality Assessment focused on the value of the Internal Audit contribution to the business outcomes of EIT, and to form an opinion on conformance to the Standards.

Audit opinion

“It is our overall opinion that the IAC generally conforms¹⁴ with the Standards and the Code of Ethics.”

“The Quality Assessment found that, during evaluation, the Internal Audit function at EIT is achieving the expectations of the Audit Committee and Director of EIT. There was general conformance with the mandatory elements of the internal auditing requirements, including the Standards.”

The overall assessment against the Quality Assessment objectives:

Objectives		Assessment
1	Internal Audit conformance with the:	Generally conforms
	• Core Principles for the Professional Practice of Internal Auditing.	Generally conforms
	• Definition of Internal Auditing.	Generally conforms
	• Code of Ethics.	Generally conforms
	• International Standards for the Professional Practice of Internal Auditing.	Generally conforms
2	Whether Audit Committee and management expectations of Internal Audit are being met.	Generally conforms

¹² The IAC was excluded from the Audit Committee’s discussion and selection of the External Assessor Team.

¹³ International Standards for the professional practice of Internal Auditing promulgated by the Institute of Internal Auditors (The IIA).

¹⁴ The Quality Assessment Manual issued by the Institute of Internal Auditors outlines a scale of three ratings:

- Generally conforms (GC): means that an internal audit activity has a charter, policies, and processes that are judged to be in conformance with the *Standards*.
- Partially conforms (PC): means deficiencies in practice are noted that are judged to deviate from the *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner.
- Does not conform (DNC): means deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit activity from performing adequately in all or in significant areas of its responsibilities.

Recommendations and action plans: The report included 4 opportunities for improvement to the EIT Director and 18 to the IAC, including that the IAC should use “*Conforms with the International Standards for the Professional Practice of Internal Auditing*” (1321). The Director and the Head of IAC developed action plans for the implementation of recommendations respectively and the EIT Audit Committee took note of these at its meeting of 05/11/2020.

2.7.2.2 Internal Audit Capability reports and other results delivered in 2020

The Internal Audit Capability executed the following engagements:

i. Assurance (audit) engagements

- Audit on the Assessment of 2019 KICs` Business Plans and handling of amendments to the 2018 KICs` Business Plans (final report issued on 07/05/2020). Audit plan reference: N° 1.
- Audit on Budget Management, finalised on 15/01/2020. Audit plan reference: N° 2.
- Assistance for the external quality review of the IAC. Audit plan reference: N° 3.
- Audit on Payroll. Audit plan reference: N° 4
- Audit on External Communications and Stakeholder Relationship Management, started in 2020, to be finalised in 2021. Audit plan reference: N° 5
- Letter to management on the risk of fraud (unplanned)
- 2020 Follow-up to past assurance engagements, final report issued on 13/11/2019, see details in point 5.2. Audit plan reference: N° 6:
 - Follow-up to the 2012 IAF Audit on Risk Management
 - Follow-up to the 2012 IAF Audit on Monitoring of Activities
 - Follow-up to the 2015 IAC Audit on Document Management incl. Data Protection
 - Follow-up to the 2016 IAC Audit on IT
 - Follow-up to 2017 IAC ABAC Validation
 - Follow-up to 2019 IAC ABAC Validation
 - Follow-up to 2019 IAC Letter on Tuition Fees
 - Follow-up to an issue of Asset Disposal and Inventory (from the 2019 IAC FU report)

ii. Consultancy and blended engagements

- 2020 follow-up to past consulting engagements, Audit plan reference: N° 6:
 - Follow-up to the 2014 IAC report on Conflict of Interest Management
 - Follow-up to the 2014 IAC report on Management of Sensitive Functions
 - Follow-up to the 2014 IAC report on Procurement
 - Follow-up to the 2017 IAC report Entry and Exit of KIC Partners and Linked Third Parties
 - Follow-up to the 2018 IAC Cons. on the Outsourcing of the Accounting Officer`s Functions

- Follow-up to the 2018 IAC report related to the EIT's Financial Autonomy
- Providing secretariat for the EIT Audit Committee, including the drafting of agenda, minutes, drafting decisions for the Governing Board on the appointment of Audit Committee members.
- Acting as the EIT contact person for the IAS planning.
- Training of new staff members regarding the EIT's audit environment.

iii. Planning, reporting and risk assessment

- Annual Report of the IAC for 2019 was delivered in 2020.
- Update of the IAC risk assessment with the aim of providing a basis for the 2021-23 multi-annual audit plan.
- IAC contribution to the 2019 Annual Activity Report of the Authorising Officer and to the Single Programming Document.

iv. Miscellaneous activities

- Coordination with the Internal Audit Service and external auditors (e.g. the European Court of Auditors). Participation at/coordination with the network of EU internal audit capabilities (AuditNet).
- IAC quality assurance and capacity building: training, audit methodology, IAC stakeholder survey, Internal Quality Review (self-assessment), maintenance of the IAC page on the EIT intranet site, preparation of an Audit Committee.
- Participation and reporting at meetings of the Governing Board, the Executive Committee, the Management Team. Participation as observer in other meetings such as the IT Steering Committee.

2.7.3 European Court of Auditors (ECA)

Financial (discharge) audit on year 2019

The European Court of Auditors published its annual audit report on the EIT on 22 October 2020, **issuing an unqualified (clean) opinion stating that all expenditure and revenue presented in the EIT's 2019 accounts are „legal and regular in all material respects”**. Based on the audit report, the CONT Committee of the European Parliament voted, on 22 March 2021, in favour of granting discharge to the Director of the EIT in respect of the implementation of the EIT budget in 2019. Finally, the **European Parliament granted discharge to the Interim Director of the EIT** following a vote in the plenary session on 29 April 2021.

ECA observations from 2019

While the audited payment transactions showed that the Institute's control procedures generally worked as intended, there was detected one exception. ECA spotted that *the Institute had made a payment of 1200 euros for the reimbursement of travel and subsistence expenses, although the applicable service contract did not provide for such reimbursements*. The transaction referred to the travel of an interim staff member who carried out a mission in

the interest of the service. The EIT issued a non-compliance report¹⁵ on the detected case and mitigating measures were proposed for implementation.

Follow-up of open ECA recommendations

At the end of 2020, the following ECA recommendations were remaining open:

No.	Title
1	<p>While the KICs are to develop strategies for financial sustainability, they remain dependent on funding by the EIT and KIC partners.</p> <p>EIT note: Reported as implemented by EIT in Q1 2021.</p>
2	<p>Despite the large increase in the budget from 309 million euros (2008-2013) to 2,4 billion euros (2014-2020) and the increase in the number of KICs from three to six at the end of 2016, the Institute's authorised number of posts did not change significantly.</p> <p>ECA note: Outstanding, (Not under the Institute's control)</p>
3	<p>As in previous years, the KICs did not fully use the grant amounts awarded by the EIT.</p> <p>EIT note: Grant absorption is improving and it is a criterion in the grant allocation process.</p> <p>ECA also noted in the preliminary observations issued on 31 May 2021 that this particular observation is "Not under the Institute's control".</p>
4	<p>The EIT monitored KIC's performance and calculated some performance corrections. These corrections, however, have had no financial impact for any of the KICs, because EIT applies only the higher of the financial and performance corrections.</p> <p>ECA note: Outstanding (Not under the Institute's control)</p> <p>EIT note: Horizon 2020 provisions have been fully complied with when establishing final grant amount as a result of grant reductions (from performance assessment) and cost rejections (cost assessment).</p>
5	<p>In 2017 all KICs have adopted sustainability strategies in line with the EIT's guidance, which was an important step towards a more sustainable future for the KICs. However, revenue generated by the KICs and co-funding by KIC-partners remains very low.</p> <p>EIT note: KICs' financial sustainability is followed up as part of (i) multiannual strategy assessment, (ii) each BP assessment and (iii) each KIC report assessment. It is also embedded in the funding allocation criteria to KICs and requirements are spelled out more explicitly in new EIT legislative package.</p>
6	<p>The EIT publishes vacancy notices on its own website and on the DG HR website, but usually not on the website of the European Personnel Selection Office (EPSO).</p> <p>EIT note: The implementation of this recommendation is ongoing.</p>

¹⁵ Ares(2020)6653259 of 12/11/2020 on "Third party travel reimbursement(s) to interim staff"

7	<p>According to its statutes, the EIT can only offer its temporary staff fixed-term contracts with a maximum duration of five years, extendable once for another five years. This could potentially hamper the continuity of operations.</p> <p>ECA note: Outstanding (Not under the Institute’s control)</p> <p>EIT note: This provision has been deleted from the recast EIT Regulation that was published on 28 May 2021. Therefore, the issue is closed.</p>
8	<p>Progress towards sustainability remains limited despite adopted plans in line with the EIT guidance for all KICs. The EIT should concentrate on lean management structures, review the portfolio of activities pursued and promote alternative revenue sources to increase financial independence from the EIT.</p> <p>EIT note: Overlaps with comment No 5 above. Ceilings have been set for management costs and verified in Business Plans and KIC Reports.</p>
9	<p>Observations on the legality and regularity of transactions: “Our audit of payment transactions showed that the Institute’s control procedures generally worked as intended. We noted one exception: the Institute had made a payment of 1 200 euros for the reimbursement of travel and subsistence expenses, although the applicable service contract did not provide for such reimbursements.”</p> <p>EIT note: The EIT acknowledged that the framework contract for interim services did not foresee reimbursement of costs and made the necessary legal adjustments.</p>
10	<p>Observations on internal controls: “In our special report No 4/20166, we noted that the large increase in the EIT’s budget and the growing number of KICs (Knowledge and Innovation Communities) had not been accompanied by any significant increase in the number of posts. In our follow-up of this special report carried out in 2019, we observed that the EIT’s budget would increase by a further 600 million euros, or 25 %, under the 2021-2027 Multiannual Financial Framework (MFF), compared to the current MFF, while the number of staff remained capped at 70. We conclude that there is still a risk that the EIT will not have sufficient capacity to deal with its increased workload in future, and that this risk has increased further, instead of being mitigated, since our first audit.”</p> <p>EIT note: This observation is beyond the EIT's control.</p>

Financial (discharge) audit on year 2020

ECA carried out two audit missions in respect of the EIT’s financial year 2020, in September 2020 and in April 2021, resulting in minor preliminary findings. The European Court of Auditors issued its preliminary observations resulting from the audit of the EIT’s financial year of 2020 on 31 May 2021. They confirm in the preliminary observations that payments underlying the EIT’s accounts for the year ended 31 December 2020 are legal and regular in all material respects.

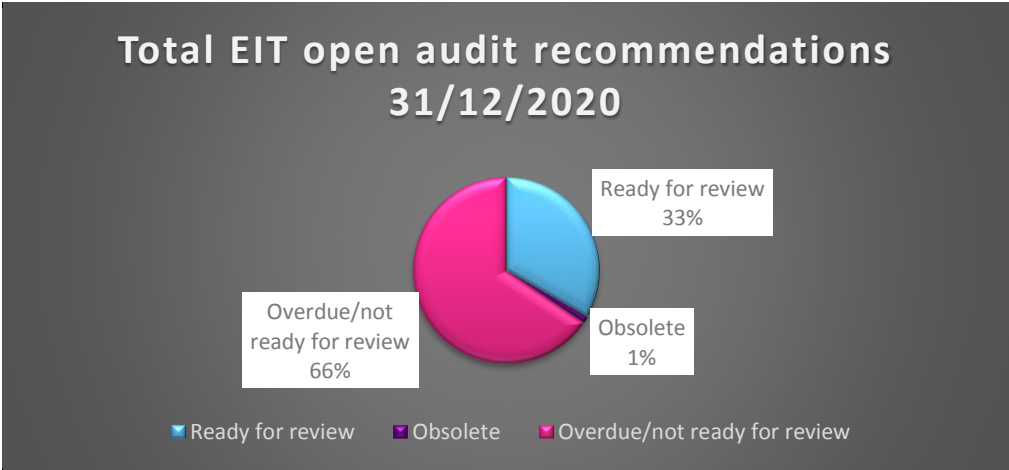
2.8 Follow up of recommendations and action plans for audits and evaluations

In 2020 the EIT has taken a series of steps in order to take stock and follow-up open audit recommendations. Significant actions were taken to improve the management of documents (AREs, filing system), to document and

update processes and procedures both in the operations (FPA vs GA, PIO, third parties, etc.) and administration (HR processes, IT Governance, business continuity, etc.) dimensions. According to the EIT IAC's report "2020 Follow-up to IAC Recommendations"¹⁶ out of 69 recommendations in the scope of the follow-up audit:

- a. 28 open recommendations have been closed,
- b. 7 open recommendations have been downgraded and,
- c. 1 open recommendation on following the 2016 IT Audit has been upgraded to Critical (recommendation #3 on IT access management was raised due to test result obtained the IAC in the course of performing the follow-up, as well as, taking into account the records of the incidents by the EIT.

In December 2020, the EIT Internal Control Coordinator performed a stock-take exercise on the state of play as regards the EIT's audit recommendations follow-up (see "ICC Report on status of IAC, IAS, ECA open recommendations"¹⁷). As an outcome of the stock-take exercise, the following could be assessed in regards to the listed 90 EIT open recommendations:



Overall there were 59 EIT open recommendations as of 31 December 2020, that were either

- ongoing, due to not reaching their due date or transition phase from H2020 to HE;
- needed further clarifications because they were partially obsolete due to issuance more than 5 years ago or do not fall under the remit of the EIT;
- not yet ready for review due to slow implementation of the action plans.

Based on their ranking, the status of the open critical and very important recommendation is detailed in the text below:

¹⁶ Ref. ARES(2020)4065265 of 01/08/2020
¹⁷ Ref. ARES(2021)1199793 of 11/02/2021

Critical recommendation:

Following the annual follow-up exercise of 2020, the EIT IAC had elevated the ranking of the open recommendation #3 regarding the formalisation of user account management (2016 audit on IT) from very important to critical. A verification exercise had shown that ex-GB members still had access rights to old IT security groups (their rights had not been removed). At the same time, by end of Q4 2020, the EIT adopted Office 365 and migrated from SharePoint to the Cloud, where sharing options for external users are disabled (external users being granted guest accounts now). Furthermore, the HR team had updated the entry/exit checklists. In this context, it would be opportune that the EIT staff ensure full implementation of the open recommendation by 30 June 2021 and recommended that the EIT IAC revisits the recommendation for elements that might have become obsolete within the elapsed timeframe.

Very important recommendations:

On time: As regards the very important recommendations, by 31 December 2020, 6 open recommendations were/are on time, with due dates in 2021 and 2022. These refer to IAC's 2020 audit on KIC's business plans and the audit on salaries and other payments to EU staff. Out of the six, 1 is reported and assessed as ready for IAC's review.

Closed: Recommendation #6 *"Implement a management and internal control system for the prevention and detection of fraud process (partially accepted, subject to staff availability)"* related to the 2012 Audit on Risk Management, was followed up as part of the IAS audit on "Ex-ante verification of payments to the KICs". The IAS closed the finding (letter of 19 November 2020), reference: Ares(2020)6924639, therefore it should be closed by the EIT IAC.

Overdue: There are 6 overdue "very important" open recommendations, one of them dating from the 2012 audit on monitoring of activities. Based on the information provided by the responsible unit, the recommendation is assessed as ready for IAC's review.

Another very important open recommendation dates from the 2015 Audit on document management and relates to the data protection records and notifications. Despite there were resource constraints, there has been reported progress as regards the implementation of the recommendation. In the EIT's register of records, 22 data processing activities have records and privacy statements as well, and 5 data processing activities have only privacy statements, which means that there are currently in place 27 privacy statements. The links of completely new records (signed after 30 June 2020) – full list at: <https://eit.europa.eu/who-weare/legalframework/dataprotection>. This task has already been prioritised and planned to be ready for IAC's review by end of 2021.

The IAS' very important recommendation "Develop and implement a comprehensive knowledge management base" is also reported as ready for review, since the detailed action activities by the EIT's operational unit have been implemented. The status is to be updated in the IT audit tool accordingly.

In this context, out of the 6 overdue "very important" open recommendations, 3 remain open, i.e. not ready for review. The EIT envisages implementing the actions for their implementation by the latest Q4 2021. The ICC will monitor closely their implementation in the course of 2021.

The EIT Management assessed the results of the IAC's and ICC's reports during the Audit Committee meetings. The implementation of the critical, very important and important recommendations that fall under the remit of the EIT have been prioritised and shall be closely followed up by the EIT staff. In Q3 2021 a second follow-up exercise shall be performed by the EIT's Internal Audit Capability, in cooperation with the Internal Control Coordinator, to monitor the pace of the open recommendations' implementation and completion.

2.9 Follow up of observations from the Discharge authority

In response to the European Parliament decision of 13 May 2020 on discharge in respect of the implementation of the budget of the EIT for the financial year 2018, the EIT informed the Discharge Authority of follow-up actions taken and progress made in respect of observations made by the European Parliament on 9 September 2020. In particular, the following actions have been taken in order to address the observations of the European Parliament.

As regards budgetary and financial management, in response to the comment of the Court of Auditors and the observation of the Discharge Authority, the EIT has improved its procedures for cash management, in particular to ensure a timely request of EU subsidy instalments from the European Commission. As a result, the EIT executed all pre-financing transactions to KICs on a timely basis in 2019 and 2020.

As far as the objective for KICs to reach financial sustainability, the EIT is continuously working to encourage KICs to generate their own revenues with the aim of becoming financially sustainable. All of the fully operational EIT KICs are generating their own revenues, which increased from EUR 38.4 million in 2018 to EUR 48.7 million in 2019 (the figures reported for 2020 are currently under validation). EIT InnoEnergy had the largest increase from EUR 11 million in 2018 to almost EUR 19 million in 2019. EIT Food, which completed its second year as a fully operating KIC in 2019, generated more than EUR 4 million in revenues. Financial sustainability is a key priority among all of the EIT KICs and they are taking major steps towards generating revenues from a diverse set of sources. Furthermore, in line with the Principles on KICs' Financial Sustainability, the EIT already applies a maximum grant rate for first-wave KICs starting in the year 2020, which will gradually decrease every year until they complete their first 15 years of operation. The EIT reviews carefully the portfolio of activities pursued by the KICs during the assessment of the KICs' annual Business Plans and ensures that every activity contributes to achieving financial sustainability in the long run. Finally, in 2020, the EIT has made financial sustainability one of the key criteria driving the allocation of EIT funding to KICs for the implementation of their 2021 Business Plans. Progress made by KICs towards financial sustainability is measured by the EIT both quantitatively, based on revenues actually generated, as well as qualitatively, including the portfolio of assets KICs have built over the past years.

In terms of the staffing situation, the EIT had to inform the Discharge Authority that the European Commission's proposal for the EIT Legislative Package foresaw no further increases in EIT staffing post-2020. The EIT's proposed new mandate, tasks and increased budget should have been matched with an increase in its human resource allocation, as the Court has highlighted on several occasions that the EIT is already structurally understaffed. Due to the structural understaffing of the EIT, the level of control and checks, and subsequent assurance that can be reached may be lower than that of other EU programmes and Agencies, which have more adequate staffing compared to the budgetary amounts and operational complexity of programmes managed. In particular, as the EIT has not been provided with the requested staff resources to fulfil its mandate, the level of monitoring, checks and controls of the EIT Knowledge and Innovation Communities has to be kept at a low level, increasing the risk of inefficiencies, undetected errors, irregularities and fraud. As such, core control and monitoring tasks cannot be outsourced by the EIT, this risk cannot be further mitigated other than by additional staff resources being provided by the EU institutions.

Despite its structural under-staffing, the EIT has been able to achieve lower error rates than the average for Horizon 2020 up to now due to its improved grant assurance strategy relying on thorough ex-ante and ex-post verifications as well as continuous guidance provided to its beneficiaries (KIC Partners). However, with the sharp increase in the number of grant beneficiaries and even more ambitious targets set in the draft Strategic Innovation Agenda for 2021-2027, the EIT may not be able to maintain the same level of controls and hands-on guidance without increasing the number of staff working on grant management activities and risks an increase in error rates.

As far as the issue of fixed-term contract of EIT staff is concerned, the EIT made considerable efforts and put forward several requests to solve the issue under the 2014-2020 programming period. However, the EIT's requests were not granted by the European Commission. As a result, the EIT could not offer contract extensions to 10 staff members whose contracts expire in 2020 based on the provisions of the EIT Regulation in force in 2020. Thus, the EIT launched calls for expressions of interest for these key positions starting in 2019 to ensure the continuity of operations. On the other hand, the reference to fixed-term contracts of EIT staff has been removed from the (recast) EIT Regulation, and as such the issue has been solved going forward.

In response to a comment made by the European Court of Auditors about allowances paid in a total amount of EUR 3,000, the EIT informed the Discharge Authority that it was in the process of recovering the amounts unduly paid

and discontinued the payment of pre-school allowances to the staff members in question. No similar finding or comment has been reported by the Court of Auditors as a result of their audit of the 2019 or 2020 financial years. As regards the observation related to a Commission framework contract used by EU agencies, the EIT expressed its opinion that the Institute's ex-ante controls functioned properly, as the framework contract in question was implemented in line with the conditions set therein. Furthermore, the EIT ensured full compliance with relevant procurement rules and regulations. In this respect, it is important to note that no procurement irregularities have been reported by the Court of Auditors in respect of the 2019 or 2020 financial years.

The EIT also informed the Discharge Authority that it followed the Horizon 2020 conflict of interest rules when selecting external experts. Declarations of interest from each expert were part of the expert contract based on the models devised for Horizon 2020, i.e. the EIT never signed a contract with an expert without the declaration having been completed by the expert first. The declarations were reviewed carefully and where conflict of interest was declared, or identified by the EIT, the expert in question was not contracted for the tasks.

As far as internal controls are concerned, the EIT reported that out of the 19 comments listed in the annex to the Court of Auditors' report on the 2018 financial year, stemming from years 2014-2017, only 7 remained open in 2020 as confirmed by the Court in their audit report on the 2019 financial year. Out of the seven open comments, three were beyond the EIT's control, such as the issue related to the structural understaffing of the Institute. The three remaining open actions require a longer timeframe to be fully completed (e.g. related to the Court's comment on the KICs' financial sustainability).

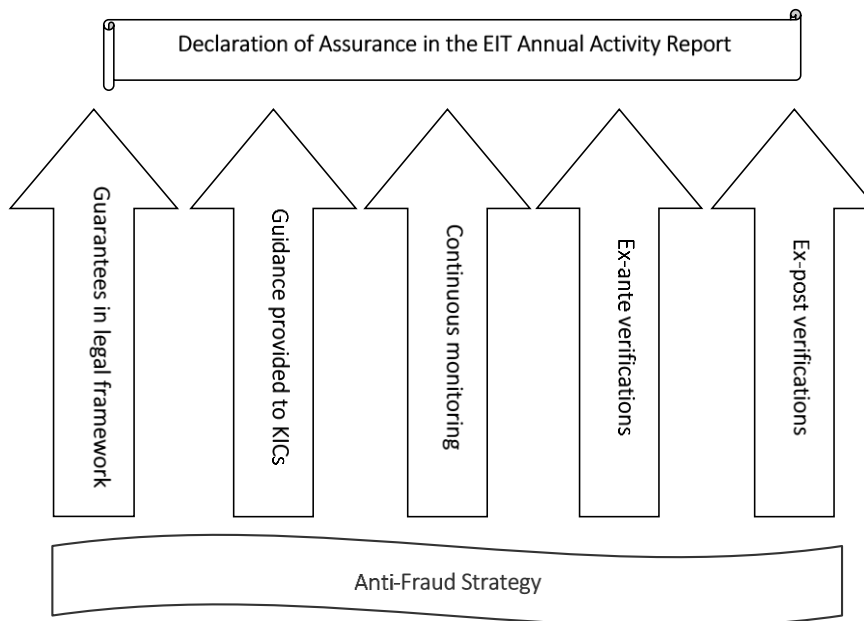
Finally, the EIT reported in respect of a one-off payment error noted by the Discharge Authority that the error had already been detected and corrected by the EIT at the time of the Court of Auditors' audit visit. The likelihood of a similar situation repeating itself is considered very low. Appropriate controls to prevent payments to wrong beneficiaries are in place and financial actors have been instructed to strictly follow the relevant standard operating procedures.

2.10 Environment management

Please see Annex VII.

2.11 Assessment by Management

The Grant Assurance strategy adopted in October 2016 relies on the following building blocks of assurance:



Ex-ante measures applied to grant transactions

The EIT consistently carries out **ex-ante verification of both commitment and payment transactions**. To ensure full compliance, any changes in the H2020 legal framework and model agreements are taken over by the EIT and incorporated in the Framework Partnership Agreements (FPA) and Specific Grant Agreements (SGA) signed with KICs. In 2020, relevant guidelines were made available providing detailed instructions to KICs, for example, draft Guidelines for the 2021 KIC Business Plan and estimated budget, Guidelines for KIC Reporting 2019. To avoid compliance issues, any doubts as regards interpretation of the legal provisions are regularly discussed with KICs as part of the EIT-KIC Forum and Task Force Simplification meetings. Furthermore, the EIT falls under the scope of the H2020 Participant Guarantee Fund which is an additional financial risk mitigating measure.

In 2020, **final balance payments** were executed for closing the SGA 2019 with six KICs and the SUGA (Start-Up Grant Agreement) 2019 with the two new KICs. The EIT performed the technical and financial assessment of all final reports to assess the adequacy of the implementation of Business Plans and to establish the final balances due. In line with its EIT's Grant Assurance Strategy, in terms of cost eligibility, the EIT relies mostly on Certificates on Financial Statements (CFSs) issued by independent auditors. The CFS methodology is fully aligned with H2020, as stipulated in an annex of the SGA. However, contrary to other H2020 programmes, CFS auditors were not contracted by individual beneficiaries but directly by the EIT. This improved quality and provided a higher level of assurance. For the SGA 2020, the CFS auditors were contracted directly by the EIT as well as the Shared Services Cross-KIC activity. All exceptions and weaknesses identified by CFS auditors were followed up with KICs during the ex-ante assessment process, which led either to the acceptance of the costs reported following the receipt of further supporting evidence, or alternatively cost rejections made by the EIT. In addition, the EIT checked the respect of thresholds of EIT funded part of KIC management costs; any excess detected led to cost rejections.

Details of the expenditure/partner coverage for the ex-ante verification of 2019 grants are shown in the following table:

	EIT Climate-KIC	EIT Digital	EIT Inno Energy	EIT Health	EIT Raw Materials	EIT Food	EIT Urban Mobility	EIT Manufacturing	TOTAL
EIT grant requested (MEUR)	86.2	70.2	90.4	81.0	75.8	40.0	4.0	3.7	451.2
EIT grant approved and paid (MEUR)	85.0	70.2	89.7	81.0	75.0	39.3	3.7	3.5	447.4
EIT grant approved and paid (% of grant requested)	98.6	100.0	99.2	100.0	99.0	98.2	93.4	95.9	99.2
KAVA cost covered by CFS (MEUR)	73.1	68.6	94.0	62.5	61.0	39.4	2.1	1.9	398.7
KAVA cost covered by CFS (%)	63.9	71.9	86.3	70.7	66.7	80.4	49.8	52.3	71.8
Cost rejection by EIT based on financial assessment (MEUR)	1.5	0.2	1.5	1.5	0.9	0.9	0.1	0.2	6.7
Ineligible costs (%)	1.5	0.2	2.5	1.7	1.0	1.8	3.4	4.1	1.5
Grant reduction by EIT based on technical assessment (MEUR)	1.2	4.3	0.7	1.0	2.3	2.5	0.3	0.2	12.6

Taking into consideration the high coverage and the generally good quality of CFSs, combined with the additional checks carried out by the EIT, **it can be concluded that the assurance provided by the EIT ex-ante assessment as regards the legality and regularity of grant expenditure is reasonable.**

Ex-post verification of grants

To obtain reasonable assurance on the legality and regularity of expenditure reported by the KICs and with a view to detecting and correcting errors, the EIT developed and implemented an **ex-post audit strategy**. This complements ex-ante controls embedded in the KICs' grant management processes.

Ex-post audits of cost reports relating to EIT-KIC SGAs are performed by an external service provider selected using a Framework Contract of the European Commission. The audit methodology has been devised by the EIT based on the H2020 standard audit programme with EIT-specific elements added. The external auditor carries out on-the-spot audits and reports to the EIT on the results. For the SGA 2019, 28 KIC Partners (5 for EIT Climate-KIC, 5 for EIT Digital, 4 for EIT InnoEnergy, 5 for EIT Raw Materials, 5 for EIT Health, 3 for EIT Food and 1 for EIT Manufacturing) were selected for ex-post audits. In order to ensure representativeness, the KIC partners in the sample were selected by applying the monetary unit sampling method. As a second stage, for each partner, a sample of 6 cost items was selected for testing. The sampling was done in collaboration with the European Court of Auditors, which

relies mostly on the results of ex-post audits when drawing its opinion on the legality and regularity of grant implementation by the EIT.

PART III - ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS

3.1. Effectiveness of internal control systems

Compliance and effectiveness of the Internal Control Framework

The EIT uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to risks associated with the environment it operates.

In January 2020, EIT Governing Board adopted Decision 01/2020 on Internal Control Framework of the European Institute of Innovation and Technology¹⁸, which is largely based on the European Commission's Internal Control Framework ('ICF'), with limited adjustments to EIT context. On 01 June 2020, EIT appointed an Internal Control Coordinator ('ICC'). On 07 November 2020, the EIT adopted decision 19/2020 on the annual assessment of the internal control system at the EIT, defining the indicators to be used for assessing the implementation of the new ICF, based on the indicative list provided by the Commission, thus setting up the baseline for the 2020 to 2022 assessment exercises.

The first self-assessment based on the new ICF was implemented in Q2 2021 with the results reported in the current annual report and has demonstrated overall compliance and effectiveness of the existing EIT Internal Control Framework. It is based on the following main sources of information:

- Assessment of the **internal control indicators** and the specific actions implemented by the EIT contributing to each principle;
- Evaluation of **audit findings and follow-up of recommendations** (see point 2.8);
- Results of the **risk assessment exercise(s)**;
- Analysis of **registered non-compliances and exception events** that may reveal underlying deficiencies;
- **Fraud prevention and detection** measures.

Risk Management

EIT implements the risk assessment exercise as part of the annual programming cycle. For each of the risks identified, mitigating actions, action owners and deadlines for these actions are agreed and recorded in the EIT's Risk Register. The significant and critical risks assessed above the acceptable risk at the EIT from an overall EIT perspective are indicated in the EIT Single Programming Document and followed up in the Consolidated Annual Activity Report. An update of the 2020 identified risks took place in July 2020¹⁹.

The following main risks were considered as having a high likelihood of occurrence and significant impact on the EIT's activities in 2020:

¹⁸ Ref. ARES(2020)616311 of 31/01/2020

¹⁹ Ares(2020)3728948 of 15/07/2020

- Budget cuts or legal changes beyond the EIT's control, due to changes in political priorities by the Council, EP or Commission, or the host country (SPD).

The EIT reduced the risk in 2020 by continued stakeholder management to influence decisions potentially affecting the EIT (effective stakeholder engagement plan and communication strategy).

- Non-implementation of core elements of EIT Annual Work Programme 2020 due to insufficient human resources or high turnover of staff (SPD).

The risk has been identified since 2017, and it has increased since, until the resources are fully aligned with the new mandate expectations. In the meantime, the EIT has put an emphasis on mitigating the risk by considering efficiency gains, prioritising tasks and managing of stakeholder's expectations, providing support to staff (improve social policy, hiring interim staff) and requesting additional resources from the Budgetary Authority.

- Improper implementation of EIT-KICs agreements given the transition to Horizon Europe and complexity of the EIT model (SPD).

The EIT managed to mitigate the risk by implementing its simplification agenda, setting up regular meetings on the transition process, under the lead of the Innovations Community Unit. The transition phase from H2020 to Horizon Europe is in its final phase. The EIT continues to update its strategic documents, e.g. Grant Assurance Strategy, Monitoring Strategy, EIT Anti-Fraud Strategy, etc., the risk being reintroduced in the EIT risk register for 2021.

- IT hardware or software failure (SPD).

The IT-related risk is of a continuous nature, especially taking into account the “new normal” way of working, and the transition to 100% online meetings. The EIT's IT section addressed the risk in 2020 by performing various tests (including on staff member's knowledge on detecting malware email notifications), raising awareness of staff; improving the perimeter security systems for automated attacks; establishing disaster recovery, and a Business Continuity Plan (BCP); in Q4 2020, the EIT adopted the Office 365 and migrated from the SharePoint to the Cloud; daily backups done; off-site back-up systems used.

- Business continuity of KIC financing for 2021 for the KICs is not ensured, due to uncertainties and delay in respect to transition to the Horizon Europe legal and operational framework, etc. and uncertainty of operational and legal risks of publishing the call 2021 under the H2020 using HE budget (revision Q2/2020).

In June 2020 the EIT re-assessed its risk at unit and agency level. It was recognised that due to delays in the adoption of the EIT's legal framework there was identified a very high operational risk that business continuity of KIC financing for 2021 was not ensured, taking into account the specificity of the EIT grant allocation model. The risk was discussed regularly at the management meetings and was reduced by regular legal assessments performed by the EIT's legal officers, taking on board most of the requirements of the HE and assessing the financial risks related to the non-timely adoption of the EIT's revised legal framework.

- Risk on non-compliance, irregularities, recovery of EIT funds related to the extra allocation of EIT funds for COVID -19 crisis management due to delays in implementing KICs' activities and due to a need for rapid response, short time available for the implementation and simplified approach in terms of details (revision Q2/2020).

This risk has been reduced by conducting regular legal, financial and risk assessments. The EIT's IC unit designed a tailor-made methodology dedicated to additional funding allocation, making available sufficient resources in the relatively short dedicated timeframe.

In Q3 2020, being a member of the European Union Agencies Network, the EIT took part in the **Peer review exercise of Agency risk 2020** in the Support Business and Innovation Cluster, together with ENISA, EUIPO, CPVO, BEREC and ECSEL. As an outcome of this review, the following 4 common risks were identified in the Support Business and Innovation cluster, which were shared with the EUAN, and consequently with the European Commission:

1. COVID-19 pandemic and lockdown measures generating disruption of the Agencies activities;
2. IT security issues / Cyber-attacks to access restricted information / unauthorised access to information in the cloud or to disrupt Agencies' services;
3. Financial uncertainty or legal changes beyond the Agencies' control that could affect the Agencies' programme continuity;
4. Challenges to align HR resources with agency's needs, high turnover of staff, staffing constraints, outsourcing of core activities, potentially affecting the achieving of targets.

Mitigating actions and controls to reduce the identified risks were proposed for the EUAN's and European Commissions' attention.

Exception reporting, analysis of internal control weaknesses or control failures recorded

In 2020, the EIT followed its standard operating procedure on **Exception and Non-Compliance reporting**²⁰. All instances of overriding controls or deviations from established processes and procedures were documented in the **EIT 2020 Non-compliance events and Exceptions Register**²¹.

There were registered four exceptions and six non-compliance events. The total value of non-compliance events registered was EUR 71,811.54 and the financial impact of the exceptions amounted to EUR 102,865.18. All events were individually assessed and corrective measures to prevent the repetition of the non-compliance or exception event were taken. Where applicable, procedures were adjusted. The events registered do not indicate a systemic nature.

Following EIT's IAC audit on salaries and other payments to EIT staff, a non-compliance report was initiated in Q4/2020, in connection to recommendation # 13 on Stronger controls for school/pre-school transactions. Due to an undergoing inventory on schooling and kindergarten fees transactions conducted by EIT HR and Finance teams, the non-compliance was moved from 2020 to the 2021 EIT Non-compliance and Exceptions Register, subject to finalisation of the HR inventory exercise.

Overall, following the adoption of the updated ICF and appointment of an EIT ICC function, the number of exceptions reported in 2020 has slightly increased in comparison to 2019. This is also due to (i) limited human resources availability and partially due to (ii) prioritisation of the transition phase from H2020 to HE. The EIT management continues to closely monitor the reported internal control deficiencies and takes the necessary measures to address those.

Fraud prevention and detection

²⁰ Ares(2020)4933775 of 21/09/2020

²¹ Ares(2021)814084 of 31/01/2021

The EIT has in place its updated Anti-Fraud Strategy 2018-2020 and implementation action plan, which reached its maturity by end of 2020. The Anti-fraud Strategy focused on enhancing cooperation with the KICs in the field of fraud prevention and detection considering the significant contribution received by the KICs from the EIT, which may cover up to 100% of the total eligible costs of KIC added-value activities. The following objectives were set for the 2018-2020 period:

- ✓ O₁ Maintain and enhance an anti-fraud culture underpinned by a high level of awareness, integrity, impartiality and transparency within the EIT community (also among non-staff members: KICs, experts and external contractors);
- ✓ O₂ Maintain an efficient system for internal reporting of suspected fraud or irregularities;
- ✓ O₃ Strengthen measures for prevention and detection of favouritism in recruitment and procurement procedures at the level of EIT and KICs.

With the scope of achieving the set objectives by the EIT Director the following actions were taken within the EIT Community:

1. Starting in 2018, **compulsory training** sessions and AF & ethics and integrity staff survey are carried out at least once per annum and included in the EIT mandatory annual training plan. Awareness sessions for new GB Members, staff, and KICs were introduced as a compulsory element under the newcomers' mandatory trainings and as continuous learning exercises.
2. An **anti-fraud intranet page** was established to improve the accessibility of the EIT staff to information regarding anti-fraud. This page contains the legal framework on anti-fraud as well as information related to the activities performed by the anti-fraud team in the area of fraud prevention and detection. It is regularly updated and available on the EIT cloud: <https://eitcloud365.sharepoint.com/SitePages/Anti-Fraud.aspx>
3. **Annual fraud risk assessment** is a mandatory element of the EIT's annual risk assessment exercise.
4. EIT also conducts **procurement risk assessment** exercises on an annual basis.
5. The **EIT-KICs' anti-fraud network** was established and an action plan on anti-fraud-related matters was developed by the KICs with the support of the EIT. The purpose of establishing the above-mentioned network was to ensure the proper implementation of the provisions on fraud foreseen under the Framework Partnership Agreements and Specific Grant Agreements, reduce the risk of fraud, and reinforce the EIT's and KICs' commitment to the highest standards of integrity. Furthermore, it facilitates the exchange of best practices and reinforces the cooperation in this field between the EIT and the KICs.

Despite good participation of the KICs in the AF network meetings and the adoption by the KICs of procurement and HR guidelines, it should be noted that overall the KICs lack response as regards the adoption and implementation of the action plans in anti-fraud. This prevents the EIT to properly coordinate the anti-fraud measures among the KICs as well as having a comprehensive overview of the risk of fraud within the KICs. In particular, one of the problems encountered by the EIT anti-fraud coordinator, and as a follow-up recommendation from the European Court of Auditors' audit that took place in 2019, is the formal adoption of the anti-fraud action plan submitted by the KICs at the management level. The internal rules and procedures of the KICs should envisage a provision that reflects this obligation.

6. The **EIT revised its recruitment guidelines** and adopted those in July 2018. When revising the EIT recruitment guidelines the HR team considered it to be of critical importance to reinforce the existing

internal controls regarding the selection and recruitment procedures of staff members to prevent the creation of an environment that fosters fraud.

7. The **EIT whistleblowing guidelines**²² were adopted initially in 2017 and amended in December 2018. These guidelines ensure effective implementation of the obligation laid down in the EU Staff Regulations: 'to blow the whistle'. They describe the internal and external reporting procedures, general and specific measures to protect the whistle-blowers, and the modalities to provide feedback to the whistle-blower.
8. To facilitate to the staff members of EIT the reporting of serious wrongdoings, an internal fraud reporting procedure was established in 2018. This reporting procedure is considered an important tool to detect fraud and as part of the internal control mechanisms put in place within the EIT in the field of anti-fraud.
9. The EIT developed a **Document Classification Policy** and currently ensures its proper implementation.
10. The EIT AF Coordinator and the support team **maintained regular communication and cooperation with OLAF** and reporting the Chair of the EIT Governing Board on ongoing and closed OLAF cases and investigations via the Annual Activity Report. OLAF representatives also participated in trainings organised by/at EIT.

Overall, the set objectives by the EIT for the 2018-2020 AF Strategy were successfully implemented. The EIT managed to reinforce its AF culture, continuously train its staff and maintain a high level of assurance. The AF Coordinator and the support team maintained good collaboration with the dedicated EU institutions and actively participated in exchanging good practices with other EU agencies.

The potential for further enhancement lays in improved collaboration with the EIT KICs dedicated SPOCs²³, putting an emphasis on the AF measures and promoting the culture amongst the KICs' staff and their partners, as to provide additional assurance on the propriety of EU funds use. With the adoption of its updated 2021-2023 Anti-Fraud Strategy, the EIT aims to further strengthen the fraud risk mitigation measures within the EIT Community and to reinforce the anti-fraud culture.

Costs and Benefits of controls at EIT

In line with the provisions of Article 36.4 (g) of the EU Financial Regulation, the EIT's Internal Control system is considered efficient and cost-effective. The costs for the financial year 2020 are as follows:

1. **Outsourced** - certification of financial statements of the EIT KICs, amount allocated: 1 million euros, and planned ex-post audit services for SGAs 2020, amounting to 0.2 million euros, overall amounting to 1.2 million euros, which corresponds to approx. 0.2% of the total value of the grants allocated by EIT in 2020.

2. **Internal resources** – the EIT has in place the following internal control resources:

(a) ICC function – the function was established at EIT starting on 1 June 2020, thus consisted of 0.58 FTEs and is overall responsible for the proper implementation of the ICF and proposing mitigating measures to the EIT management;

²² Decision 33/2018 of the Governing Board of the EIT on laying down guidelines on whistleblowing. Ref. ARES (2018) 6237464 of 05.12.2018

²³ SPOC – single point of contact

(b) Grant Assurance Section – the team responsible for providing assurance that the grants allocated to the EIT KICs are implemented correctly and in line with the EU legal requirements. It consists of 5 FTEs.

(c) Dedicated teams – the HR, finance and procurement teams ensure that the transactions received are compliant and follow the internal standard operating procedures, as well as, the EIT’s FFR and EU’s FR and SR (2.1 FTEs for internal control tasks).

(d) EIT management team - the EIT Director together with the Heads of Units, set up and update the EIT’s ICS (0.2 FTEs for tasks related to internal control).

Overall, taking into consideration that following the ECA audit of the EIT’s financial year of 2020, they issued on 31 May 2021 the preliminary observations that payments underlying the EIT’s accounts for the year ended 31 December 2020 are legal and regular in all material respects the benefits of the current ICS in place outweigh the costs incurred at EIT.

3.2. Conclusions of assessment of internal control systems

No major weaknesses were found in any of the EIT’s Internal Control system components that could jeopardise the achievement of operational, financial or control objectives and prevent the Director from signing his declaration of assurance.

Following a detailed assessment of each principle, characteristic and component, the conclusion is that the overall internal control systems at EIT are effective, falling under Category 1²⁴. However, some further improvements are needed, as regards principles 12 and 17 which fall under Category 2. Namely, the EIT should ensure:

- Timely implementation of the open audit recommendation (ICF principle 12). The assessment noted a slight delay in the planned pace of the open recommendations’ implementation. In 2020 the delay was due to prioritisation of the transition process from H2020 to Horizon Europe and scarce human resources availability at EIT. As a mitigating measure, the EIT MT has prioritised in Q4 2020 the implementation of all the open overdue recommendations that fall under the remit of the EIT.

- Timely assessment and communication of the corrective action(s) taken by the responsible staff member(s), under the supervision of their management (ICF principle 17). The assessment noted a deficiency, since the average time from assessment to the communication of the corrective measure(s) listed in the exception reports, took on average 3 months. The deficiency was discussed by the EIT MT. As a mitigating measure, the responsible colleagues were informed about the negative impact of the delay in communication of the corrective measures.

²⁴ Category 1 – the ICF principles are present and functioning well, only minor improvements needed;
Category 2 – the ICF principles are present and functioning, but some improvements are needed;
Category 3 – the ICF principles are partially present and functioning, major improvements are needed;
Category 4 – the ICF principles are not present and are not functioning.

3.3. Statement of the manager in charge of risk management and internal control (ICC)

Statement of the Manager in charge of risk management and internal control

I, the undersigned, Iuliana Vizitiu

Manager in charge of risk management and internal control within the EIT,

In my capacity as Internal Control Coordinator in charge of risk management and internal control, I declare that in accordance with EIT's Internal Control Framework, I have reported my advice and recommendations on the overall state of internal control in the Agency to the EIT Director.

I hereby certify that the information provided in the present Consolidated Annual Activity Report and in its annexes is, to the best of my knowledge, accurate, reliable and complete.

Place Budapest,

Signed electronically in ARES,

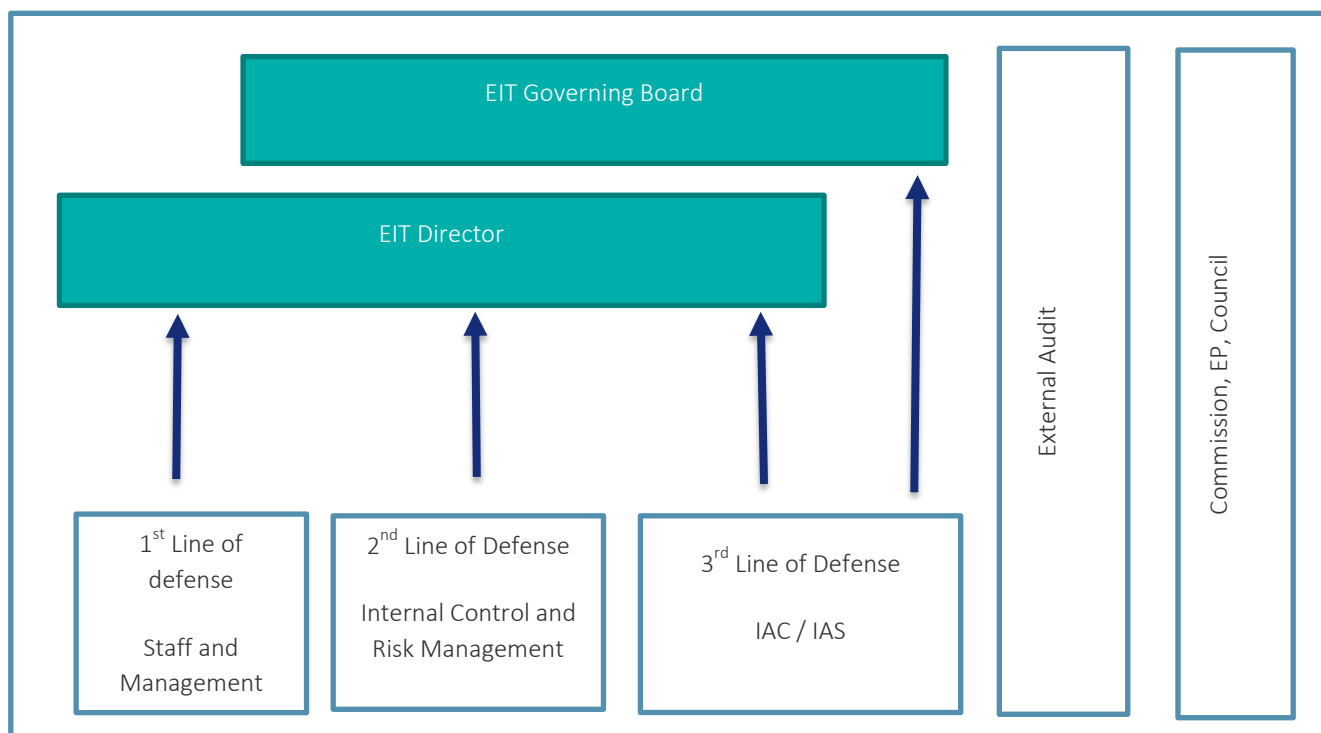
Iuliana VIZITIU,

Internal Control Coordinator

PART IV MANAGEMENT ASSURANCE

4.1 Review of the elements supporting assurance

The EIT's corporate governance framework is ensured through the following three main lines of defense or building blocks of assurance:



The Agency applies since January 2020 the updated COSO internal control framework promoted by the Commission, adjusted to the EIT dimension, through the Internal Control components and principles.

The information reported in Parts II and III derives from the results of the management supervision of activities and audit observations contained in the audit reports listed. These reports are based on a systematic analysis of the evidence available. This approach provided sufficient guarantees as to the completeness and reliability of the information reported and ensures complete coverage of the EIT budget.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated, and necessary improvements and reinforcements are being implemented. The Director of the EIT, in his capacity as Authorising Officer has signed the Declaration of Assurance. Nevertheless, the EIT Director wishes to repeatedly draw attention to the remaining critical risk concerning the limitation of the EIT's staffing capacity that gives rise to significant risk as to the legality and regularity of future grant payments and the EIT's ability to achieve its strategic objectives set out in its Strategic Innovation Agenda for 2021-2027.

4.2 Overall conclusion on assurance

The information reported in Parts II and III does not result in any major issues meriting a reservation as regards 2020 expenditure in the EIT's accounts.

While the COVID-19 pandemic has significantly affected EIT's activities, EIT managed to quickly adapt to the new global environment and successfully tackled the unprecedented social and economic challenge brought by the pandemic. Flexible working conditions were introduced with maximum care taken for hygienic and preventive actions for the colleagues' safety. Furthermore, the EIT launched the EIT Crisis Response Initiative for Europe's innovators mobilising EUR 60 million of additional funding to innovators providing high-impact and immediate solutions in response to the crisis.

Nevertheless, as indicated in this report, there is an inherently higher risk level of the EIT that can only be addressed through the full implementation of mitigation measures. As some of these measures are under the control of other institutions than the EIT, the EIT Director cannot reduce this critical risk to an acceptable level and fully ensure that the EIT reaches its objectives without the indicated measures being implemented by these institutions.

As explained, the EIT has been structurally under-staffed to perform its tasks as confirmed at various occasions by the European Court of Auditors and the Internal Audit Service and as is recognised by the EIT Governing Board. The European Commission has been asked to address the structural understaffing of the EIT and provide an adequate level of resources in the establishment plan. Unfortunately, these requests were not granted despite the confirmation by the European Court of Auditors of the EIT's structural understaffing. This means that the level of control and checks, and subsequent assurance that can be reached may be lower than that of other EU programmes and Agencies, which have more adequate staffing compared to the budgetary amounts and operational complexity of programmes managed. In particular, as the EIT has not been provided with the requested staff resources to fulfil its mandate, the level of monitoring, checks and controls of the EIT Knowledge and Innovation Communities has to be kept at a low level, increasing the risk of inefficiencies, undetected errors, irregularities and fraud. As such core control and monitoring tasks cannot be outsourced by the EIT, thus EIT will have to re-attribute such tasks internally, considering the professional background of its existing staff.

Despite its structural under-staffing, the EIT has been able to achieve significantly lower error rates than the average for Horizon 2020 up for the past two years consecutively (1.41 % for 2018 and 0.08% for 2019) due to its improved grant assurance strategy relying on thorough ex-ante and ex-post verifications as well as continuous guidance provided to its beneficiaries (KIC Partners). However, with the sharp increase in the number of grant beneficiaries and even more ambitious targets set in the draft Strategic Innovation Agenda for 2021-2027, the EIT may not be able to maintain the same level of controls and hands-on guidance without increasing the number of staff working on grant management activities and risks an increase in error rates.

The EIT is in the process to implement further measures to ensure core functions are maintained, for example through the development of shared services, cooperation with other EU Agencies, implementation of further efficiency gains (e.g. via e-services), a simplification drive across the EIT following a participatory leadership approach, increased outsourcing of non-core tasks, extended use of interim staff, trainees and external experts. At the same time, several synergy initiatives with positive potential high impact will have to be delayed, minimised or discontinued. However, these measures have limitations in their scope and effectiveness. Consequently, a residual error rate below the materiality level of 2% cannot be necessarily assured in future years while the funds entrusted to the EIT are not balanced with an adequate staffing level.

DECLARATION OF ASSURANCE

I, the undersigned,

Director of the European Institute of Innovation and Technology

In my capacity as authorising officer

Declare that the information contained in this report gives a true and fair view.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the ex-ante assessment, ex-post controls, the work of the internal audit capability, the observations of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

date

Martin Kern

ANNEXES

Annex I: Validated EIT core KPIs (Grant Agreements 2019)

EIT core KPI		EIT Digital	EIT Climate-KIC	EIT InnoEnergy	EIT Health	EIT Raw Materials	EIT Food
EITN01	# Graduates from EIT labelled MSc and PhD programmes	288	81	275	53	53	-
EITN02	# Start-ups created by students enrolled and graduates from EIT labelled MSc and PhD programmes	0	2	0	0	0	-
EITN03	# Products (goods or services) or processes launched on the market	65	97	22	7	48	18
EITN04	# Start-ups created as a result of innovation projects	14	1	-	4	3	1
EITN05	# Start-ups supported by KICs	92	328	115	386	76	118
EITN06	Investment attracted by start-ups supported by KICs (EUR)	113,405,000	74,882,523.05	1,394,867,275	143,560,249	11,499,374	77,251,044
EITN07	# Success stories submitted to and accepted by EIT	6	0	11	27	24	20
EITN08	# External participants in EIT RIS programmes	309	145	646	675	705	372
EITN8.1	# External participants (individuals) in EIT RIS programmes	269	35	600	662	418	332
EITN8.2	# External participants (organisations) in EIT RIS programmes	40	110	46	13	287	40

EIT core KPI		EIT Digital	EIT Climate-KIC	EIT InnoEnergy	EIT Health	EIT Raw Materials	EIT Food
EITN09	Budget consumption of KICs	85.76%	85.76%	85.76%	85.76%	85.76%	85.76%
EITN10	Error rate of KICs	98.49%	98.49%	98.49%	98.49%	98.49%	98.49%
EITN11.1	Financial Sustainability (FS): revenue of KIC LE (EUR)	4,008,303	4,138,374	18,724,000	8,050,000	9,202,675	4,576,920
EITN11.2	Financial Sustainability (FS): FS coefficient	5.71%	4.80%	20.72%	9.94%	12.14%	11.45%

Annex II: Statistics on financial management

Breakdown and changes in commitment and payment appropriations per chapter:

Title / Chapter	Heading	VOTED BUDGET		AMENDMENTS/TRANSFERS		RE-ENTRY		ASSIGNED REVENUE		FINAL BUDGET	
		Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)	Commitment appropriations (EUR)	Payment appropriations (EUR)
1	STAFF EXPENDITURE	6,360,800.00	6,360,800.00	225,750.00	225,750.00	0.00	0.00	17,452.66	17,452.66	6,604,002.66	6,604,002.66
11	Staff in active employment	5,106,000.00	5,106,000.00	324,200.00	324,200.00	0.00	0.00	16,430.96	16,430.96	5,446,630.96	5,446,630.96
12	Recruitment expenses	24,000.00	24,000.00	-18,900.00	-18,900.00	0.00	0.00	0.00	0.00	5,100.00	5,100.00
13	Mission	220,000.00	220,000.00	-170,000.00	-170,000.00	0.00	0.00	1,021.70	1,021.70	51,021.70	51,021.70
14	Socio-medical infrastructure	136,800.00	136,800.00	-59,900.00	-59,900.00	0.00	0.00	0.00	0.00	76,900.00	76,900.00
15	Training	60,000.00	60,000.00	-19,500.00	-19,500.00	0.00	0.00	0.00	0.00	40,500.00	40,500.00
16	External staff and linguistic support	812,000.00	812,000.00	169,850.00	169,850.00	0.00	0.00	0.00	0.00	981,850.00	981,850.00
17	Representation	2,000.00	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00	2,000.00
2	INFRASTRUCTURE AND OPERATING EXPENDITURE	1,004,820.00	1,004,820.00	-123,550.00	-123,550.00	0.00	0.00	2.42	2.42	881,272.42	881,272.42

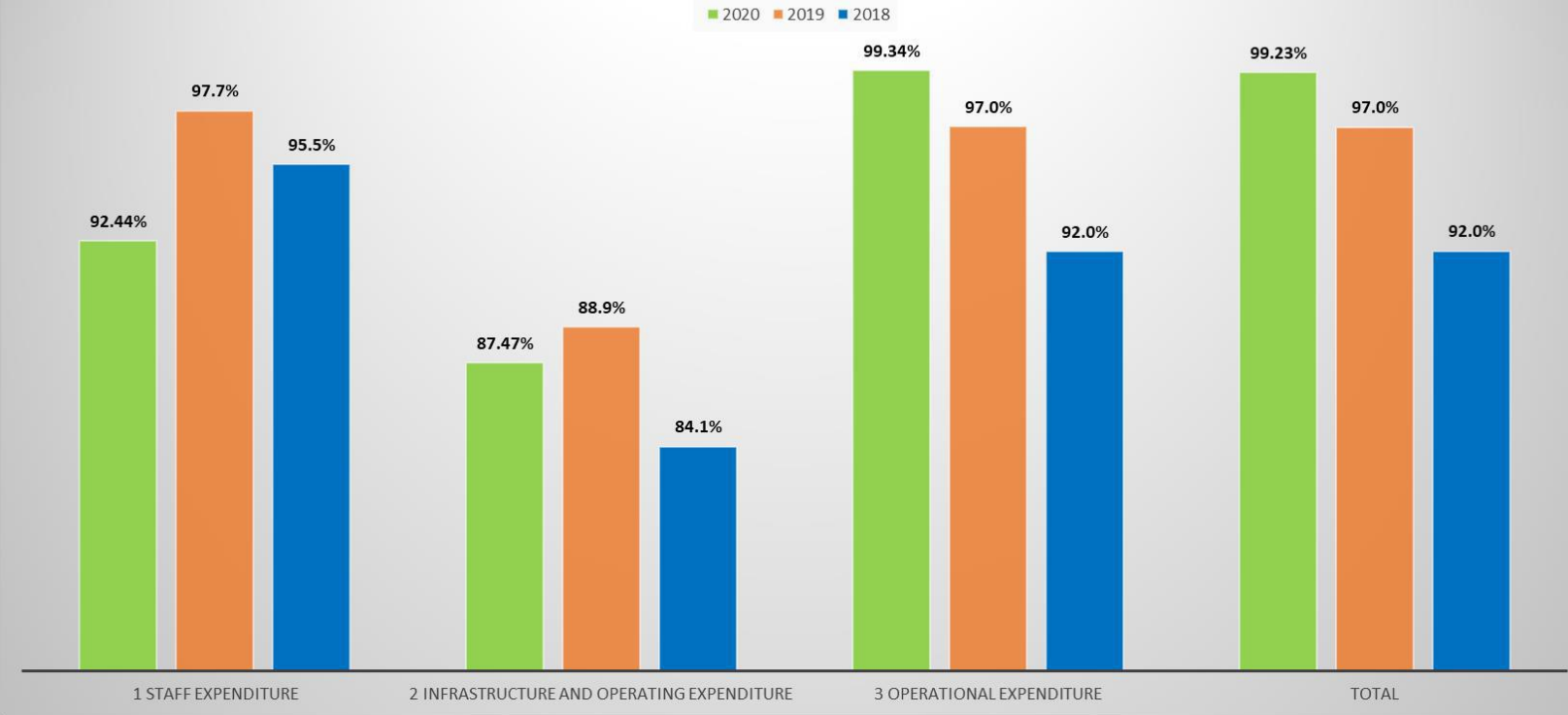
20	Building and associated costs	183,100.00	183,100.00	-28,300.00	-28,300.00	0.00	0.00	2.42	2.42	154,802.42	154,802.42
21	Information and communication technology	354,920.00	354,920.00	38,000.00	38,000.00	0.00	0.00	0.00	0.00	392,920.00	392,920.00
22	Moveable property and associated costs	78,800.00	78,800.00	-62,300.00	-62,300.00	0.00	0.00	0.00	0.00	16,500.00	16,500.00
23	Current administrative expenditure	211,000.00	211,000.00	-2,500.00	-2,500.00	0.00	0.00	0.00	0.00	208,500.00	208,500.00
24	Publications, information, studies and surveys	2,000.00	2,000.00	15,050.00	15,050.00	0.00	0.00	0.00	0.00	17,050.00	17,050.00
25	Meeting expenses	175,000.00	175,000.00	-83,500.00	-83,500.00	0.00	0.00	0.00	0.00	91,500.00	91,500.00
3	OPERATIONAL EXPENDITURE	538,984,847.77	515,263,562.77	-102,200.03	23,897,799.97	66,074,440.55	9,636,514.85	3,419,216.05	3,385,178.34	608,376,304.34	552,183,055.93
30	Grants	532,757,347.77	508,237,062.77	1,204,299.97	26,662,299.97	66,074,440.55	9,636,514.85	3,419,216.05	3,385,178.34	603,455,304.34	547,921,055.93
31	Knowledge and Innovation Communities	3,061,000.00	3,144,000.00	-799,000.00	-557,000.00	0.00	0.00	0.00	0.00	2,262,000.00	2,587,000.00
32	EIT's impact	2,825,000.00	3,490,000.00	-514,000.00	-1,955,000.00	0.00	0.00	0.00	0.00	2,311,000.00	1,535,000.00
33	Simplification, monitoring and evaluation	341,500.00	392,500.00	6,500.00	-252,500.00	0.00	0.00	0.00	0.00	348,000.00	140,000.00
4	CANCELLED APPROPRIATIONS	33,682,290.87	0.00	-29,755,847.72	0.00	5,300,000.00	0.00	0.00	0.00	9,226,443.15	0.00
40	Cancelled appropriations not used in year n	33,682,290.87	0.00	-29,755,847.72	0.00	5,300,000.00	0.00	0.00	0.00	9,226,443.15	0.00
	TOTAL	580,032,758.64	522,629,182.77	-29,755,847.75	23,999,999.97	71,374,440.55	9,636,514.85	3,436,671.13	3,402,633.42	625,088,022.57	559,668,331.01

EIT revenue collected, EUR

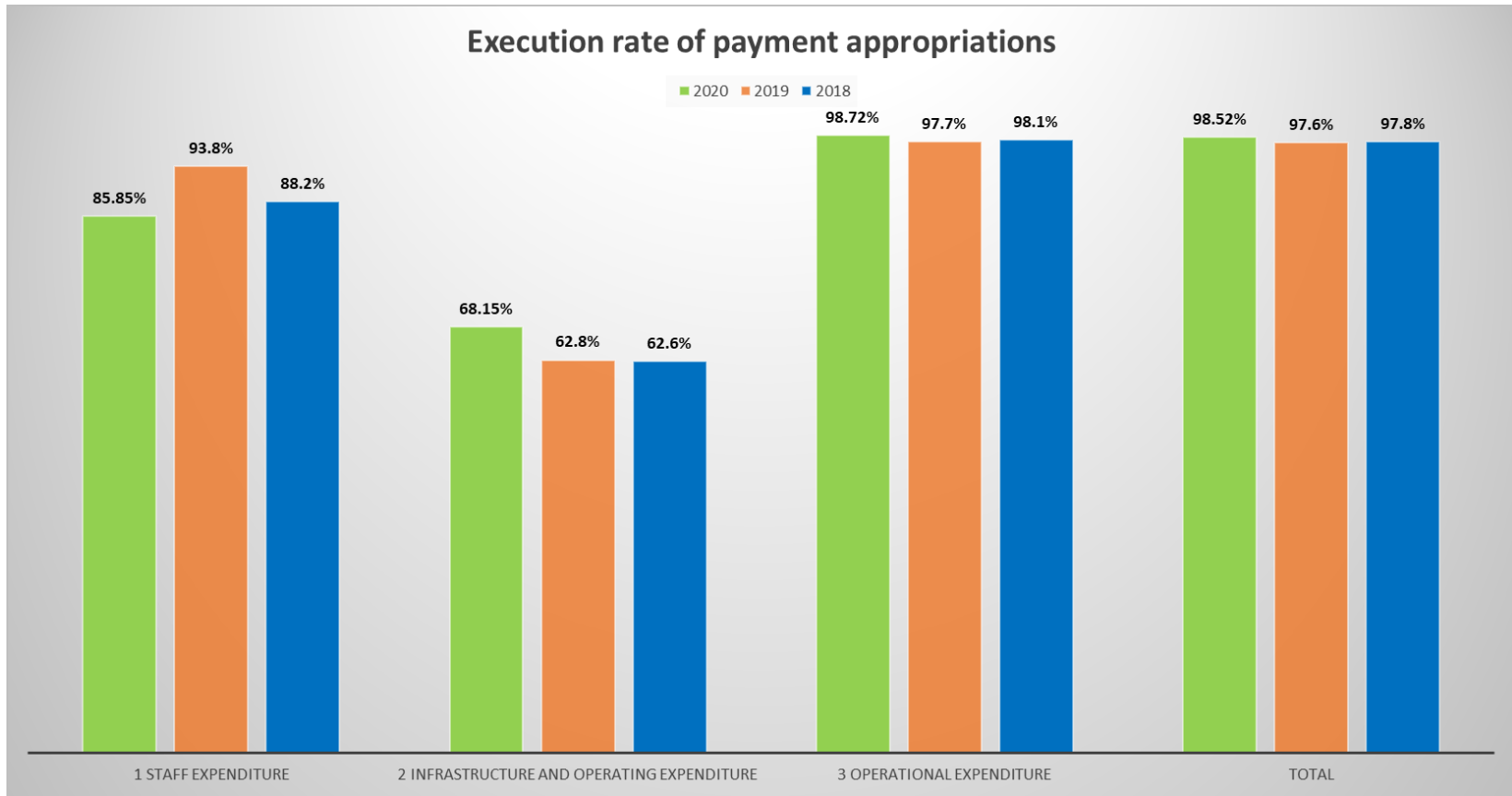
Income line	Income line header	Income appropriation, EUR	Entitlements established in pervious years, EUR (1)	Entitlements established in 2020, EUR (2)	Revenue carried over from 2019, EUR (3)	Revenue received in 2020, EUR (4)	Outstanding amounts, EUR (1+2-3-4)
200	European Union subsidy	497,631,001.96		497,631,001.96		497,631,001.96	0.00
300	Contributions by the EFTA member states	11,411,725.00		11,411,725.00		11,411,725.00	0.00
310	Contributions by third countries	37,586,455.78		37,586,455.78		37,586,455.78	0.00
570	Revenue arising from repayment of amounts wrongly paid	16,116.32	1,336.34	18,057.79		16,116.32	3,277.81
590	Other revenue from administrative operations	0.00	2.42	703.82	2.42	703.82	0.00
600	Surplus, balances	9,636,514.85	9,636,514.85		9,636,514.85		0.00
700	Repayment of unused KICs grants	2,648,109.18		3,359,610.44		3,359,610.44	
701	Repayment of KICs grants incurred as a result of an ex-post audit (assigned revenue)	0.00		25,567.90		25,567.90	0.00
	TOTAL	558,929,923.09	9,637,853.61	550,033,122.69	9,636,517.27	550,031,181.22	3,277.81

Comparison of budget execution for commitments, %

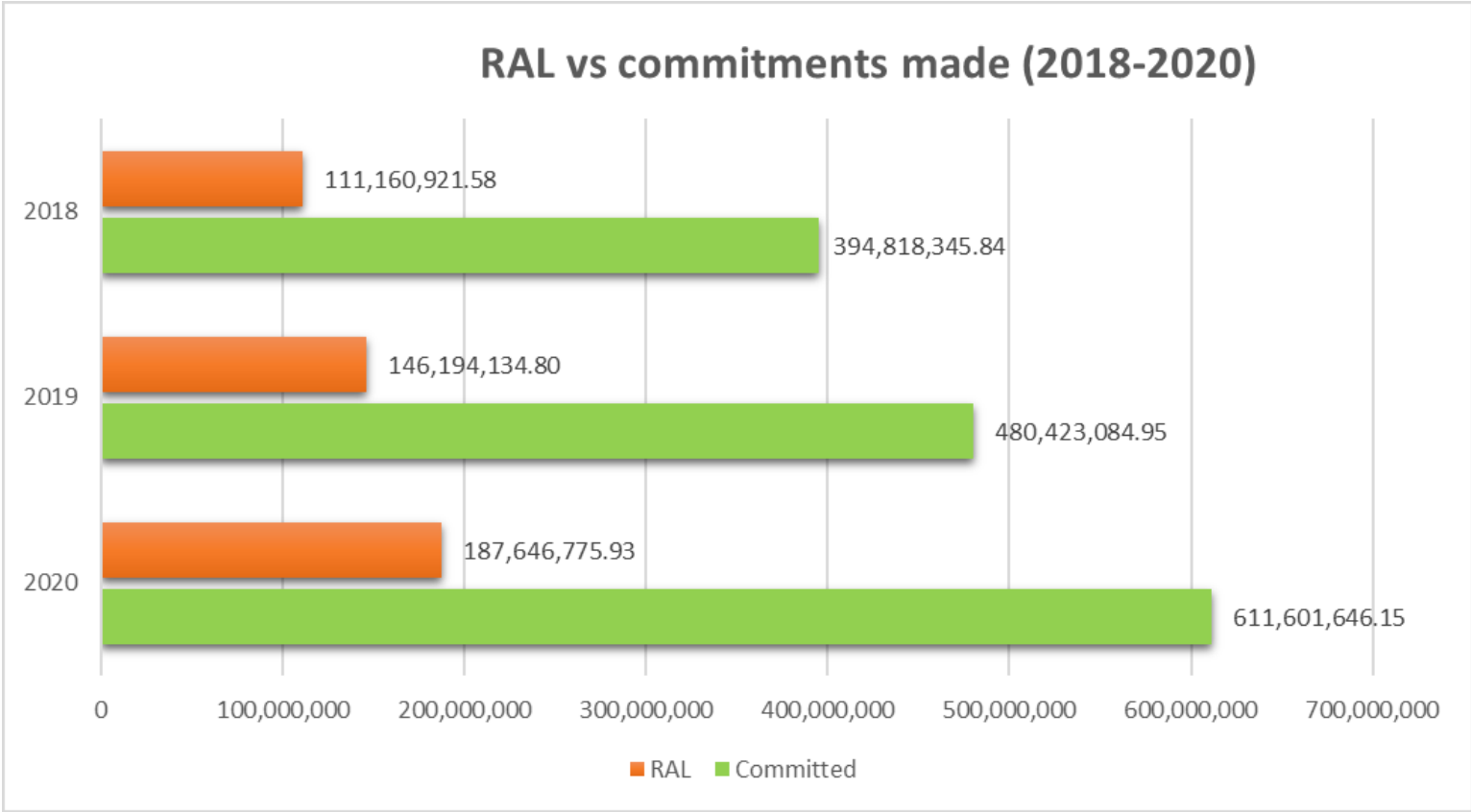
Execution rate of commitment apporpriations



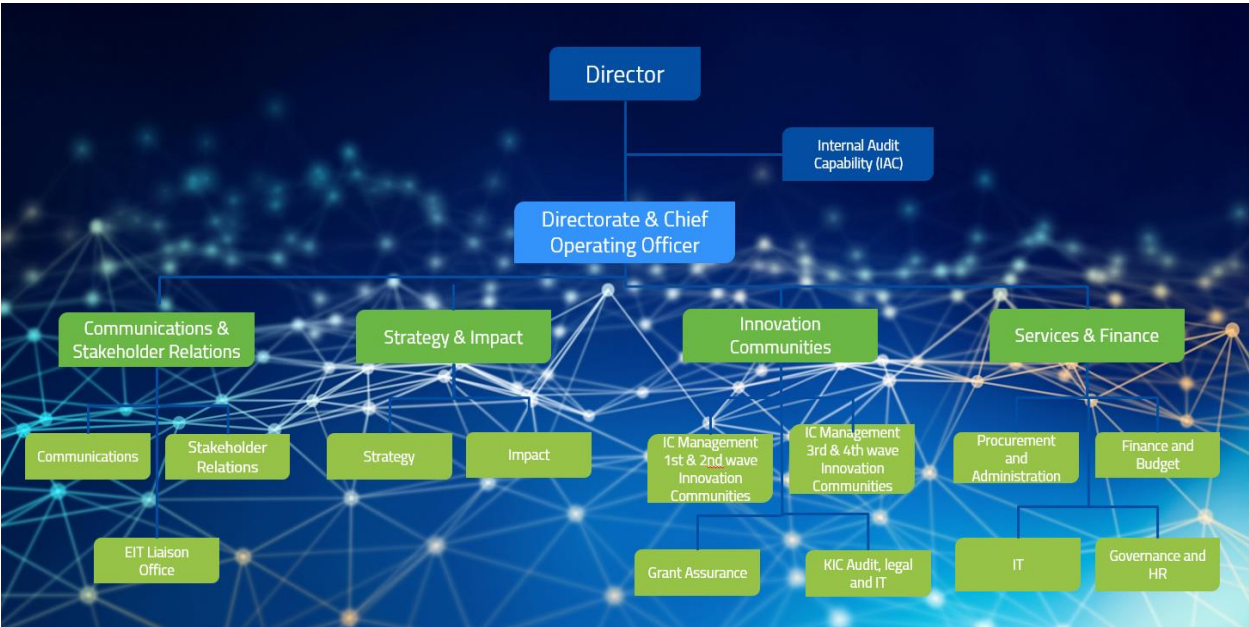
Comparison of budget execution for payments, %



Comparison of committed and RAL amounts for financial years 2015, 2016 and 2017, EUR



Annex III: Organisational chart in 2020



Annex IV: Establishment Plan and additional information on Human Resources management

Establishment Plan:

Category and grade	Establishment plan 2020		Actually filled as of 31 December 2020
	Officials (n/a)	Temporary staff (TA)	Temporary staff (TA)
AD 16		0	0
AD 15		0	0
AD 14		1	1
AD 13		0	0
AD 12		1	0
AD 11		2	0
AD 10		7	6
AD 9		9	6
AD 8		10	12
AD 7		7	6
AD 6		3	7
AD 5		0	0
Total AD		40	38
AST 11		0	0
AST 10		0	0
AST 9		0	0
AST 8		0	0
AST 7		0	0
AST 6		0	0
AST 5		1	1
AST 4		2	3
AST 3		2	1
AST 2		0	0
AST 1		0	0
Total AST		5	5
AST/SC 6		0	0
AST/SC5		0	0
AST/SC4		0	0

AST/SC3		0	0
AST/SC2		0	0
AST/SC1		0	0
Total ST/SC		0	0
TOTAL		45	43

Category	Authorised 2020	Actually filled as of 31 December 2020
Contract staff (CA)		
FG IV	10	9
FG III	10	11
FG II	3	2
FG I	0	0
TOTAL	23	22
Seconded national Experts (SNE)	2	1
TOTAL	70	66

a) Information on the entry level for each type of post

Key functions	Type of Contract (TA, CA)	Function group, grade of recruitment	Indication whether the function is dedicated to administrative support or operations
CORE FUNCTIONS			
<i>Director (level 1)</i>	TA	AD 14	<i>Management (both administration and operational)</i>
<i>Chief Operating Officer (level 2)</i>	TA	AD 11	<i>Management (both administration and operational)</i>
<i>Head of Unit</i>	TA	AD9	<i>Management (both administration and operational)</i>
<i>Senior Officer</i>	TA	AD8	<i>Operational</i>
<i>Officer (Programme)</i>	TA/CA	AD6/FGIV	<i>Operational</i>
SUPPORT FUNCTIONS			
<i>Head of Unit Services and Finance</i>	TA	AD9	<i>Administration</i>
<i>Head of Section Governance & Human Resources</i>	TA	AD9	<i>Administration</i>
<i>Head of Section Finance and Budget</i>	TA	AD6	<i>Administration</i>
<i>Communications Officer</i>	TA	AD6	<i>administration and operational</i>
<i>Head of Section IT</i>	TA	AD 6	<i>administration</i>
<i>Officer (Policy)</i>	TA	AD6	<i>administration and operational</i>
<i>Secretary</i>	CA	FG II	<i>administration and operational</i>

SPECIAL FUNCTIONS			
<i>Data Protection Officer (Legal officer appointed, not a separate function)</i>	<i>TA</i>	<i>AD6</i>	<i>Administration</i>
<i>Legal Officer</i>	<i>TA</i>	<i>AD6</i>	<i>Administration</i>
<i>Internal Auditor</i>	<i>TA</i>	<i>AD7</i>	<i>Administration</i>

b) Result of the job screening exercise (31/12/2020)

Job Type and Category		Year 2019	Year 2020
ADMINISTRATIVE SUPPORT AND COORDINATION		24,2%	22,7%
	Administrative Support	12	11
	Coordination	4	4
OPERATIONAL		66,7%	66,7%
	Top-Level Operational Coordination	5	5
	Programme Management & Implementation	19	19
	Evaluation & Impact Assessment	10	10
	General Operational	10	10
NEUTRAL		9,1%	10,6%
	Finance	5	5
	Control	1	2

Annex V: Human and Financial resources by activity

Activity	TA	CA	SNE	Operational HR ¹	Operational exp., EUR ²	Overheads, EUR ³	Total cost (operational exp. and overheads), EUR
Consolidating, fostering growth and impact of the KICs	18	5		23	210 738 276.21	2 395 630.78	213 133 906.99
Creating new KICs	1.5	0.5		2	18 325 067.50	208 315.72	18 533 383.22
The EIT's next Strategic and Innovation Agenda (SIA) 2021-2027	3	0.5		3.5	32 068 868.12	364 552.51	32 433 420.63
Fostering and attracting talent	1	2		3	27 487 601.25	312 473.58	27 800 074.83
Enhancing stakeholder engagement	3	1	1	5	45 812 668.74	520 789.30	46 333 458.04
EIT KIC Relations	1	0.5		1.5	13 743 800.62	156 236.79	13 900 037.41
Simplification	1	0.5		1.5	13 743 800.62	156 236.79	13 900 037.41
Monitoring, impact analysis and evaluation	3	2		5	45 812 668.74	520 789.30	46 333 458.04
Strategy: Coordination and implementation	6	0		6	54 975 202.49	624 947.16	55 600 149.65
Administrative support and coordination	5.5	10		15.5	142 019 273.10	1 614 446.83	143 633 719.93
TOTAL	43	22	1	66	604 727 227.39	6 874 418.76	611 601 646.20

1 The operational Human Resources consist of the total number of Temporary and Contract Agents directly involved in operations.

2 The operational expenditure is the costs directly involved in the implementation of the projects of the AWP.

3 The overheads are costs indirectly involved in the implementation of the projects of the AWP. These include fixed costs such as salaries, rent, software licences and other similar costs. In addition, overheads include variable costs such as office equipment and supplies, ICT equipment, telecommunication costs and other similar expenses. The total overheads are distributed to each area of activity in proportion to the operational staff employed in each area of activity.

Annex VI: Contribution, grant and service level agreements. Framework Partnership Agreements

Grants awarded

Knowledge and Innovation Community	Amount EUR	Subject of grant or contract
EIT Climate-KIC	94,455,852.32	Climate change mitigation and adaption
EIT Digital	79,106,086.29	Future information and communication societies
EIT Food	70,828,864.91	Sustainable food supply chain from resources to consumers
EIT Health	102,595,370.18	Improve the quality of life of Europe's citizens and sustainability of healthcare system
EIT InnoEnergy	89,590,892.83	Sustainable energy
EIT Manufacturing	33,179,192.27	Globally competitive and sustainable manufacturing
EIT RawMaterials	98,532,465.94	Raw materials (sustainable exploration, extraction, processing, recycling and substitution)
EIT Urban Mobility	34,013,134.87	Smart, green and integrated transport
Total	602,301,859.61	

Annex VII: Environment management

The EIT is taking a series of steps towards impactful environment management, with a promoted sustainability action that foresees to disseminate such measures in the EIT Community. Within the EU, environment management is led by the EIT's Climate-KIC, which is a Knowledge and Innovation Community (KIC), working to accelerate the transition to a zero-carbon economy. Supported by the European Institute of Innovation and Technology, EIT Climate-KIC identifies and supports innovation that helps **society mitigate and adapt to climate change. Through innovation project scaling, start-ups as vehicles for replacing dirtier technologies for cleaner, and through wider diffusion of boosted KTI innovation model, by 2027 the KIC aims to have:**

1. Helped Europe avoid over 500 million tonnes (CO₂eq) of emissions, and

2. Strengthened the resilience of 10 million people to the impacts of climate change.^[1]

- In its turn the EIT HQ actively contributes to impactful environment management, by taking environmentally conscious measures in regard to its HQ premises and staff:

The EIT office building has a LEED SILVER certificate issued by US Green Building Council.

- In 2021, the year the EIT reduced travel by 90% in comparison to 2019 due to COVID-19. By 2025 it is planned to reduce the travels by at least 40% compared to 2019. This target is to be achieved through the increase of online meetings and events, interviews of prospective candidates, etc.
- The EIT has phased out the use of plastic water bottles or paper cups installing water filtering machines, thus reducing their use by 100% - due to installation of water filters in lieu of plastic water bottles. For future EIT aims to **further reduce the paper use in the office through the introduction of electronic paperless systems (i.e. Sysper, ARES, Bluebell already in use).**
- In the same context, the EIT targets to reduce the use of electricity by 30%, through the utilisation of energy-saving **office equipment. The EIT purchases Energy Star labelled computers, copiers, printers, kitchen equipment. The continuous increase in the number of virtual meetings also contributes to the achievement of the set target.**
- The EIT incentivises its staff members to also contribute to the reduction of the CO₂ emissions, via **targeted social policies, such as the use of public transport rather than by car (subsidizing public transport tickets).**

Annex VIII: Final annual accounts 2020



Annual accounts of the
European Institute of
Innovation and Technology

Financial year 2020

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CERTIFICATION OF THE ACCOUNTS

I acknowledge my responsibility for the preparation and presentation of the annual accounts of EIT, the European Institute of Innovation and Technology in accordance with Article 102 of the Framework Financial Regulation ('FFR')¹ and I hereby certify that the annual accounts of the EIT for the year 2020 have been prepared in accordance with Title IX of the FFR and the accounting rules adopted by the Commission's Accounting Officer, as are to be applied by all the institutions and union bodies.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary for the production of the accounts that show the EIT's assets and liabilities and the budgetary implementation. Based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of the EIT.

Rosa ALDEA BUSQUETS

**Accounting Officer of the
European Institute of Innovation and
Technology**

¹ COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council.

BACKGROUND INFORMATION NOTE

1.1. General background on the entity

Establishment

The European Institute of Innovation and Technology (EIT) is an EU body created by Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 (the founding Regulation) as amended by Regulation No 1292/2013 of 11 December 2013 to strengthen Europe's ability to innovate. The EIT is an integral part of Horizon 2020, the EU's Framework Programme for Research and Innovation a Europe 2020 flagship initiative that aims to enhance Europe's global competitiveness. The seat of EIT is Budapest, Hungary.

Mission

The EIT's mission is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union in order to address major challenges faced by European society by promoting synergies and co-operation among, and integrating, higher education institutions, research organisations and businesses of the highest standards. The EIT aims to create favourable environments for creative thoughts, in order to enable world-class innovation and entrepreneurship to thrive in Europe.

Main operational activities

EIT supports the development of dynamic, long-term European partnerships among leading companies, research labs and higher education. These partnerships are called Knowledge and Innovation Communities (KIC). Each is dedicated to finding solutions to a specific global challenge, from climate, digitisation, efficient and renewable energies to health, sustainable raw materials and food, with manufacturing and urban mobility selected as two additional areas of focus starting from 2019.

Bringing together more than 1 500 partners, the EIT is Europe's largest innovation network. EIT powers innovators and entrepreneurs across Europe to turn their best ideas into products, services, jobs and growth. This is crucial to fulfilling the EIT's mission: creating jobs and delivering sustainable economic growth opportunities for Europe. EIT also contributes to delivering on Europe's commitment to the UN's Sustainable Development Goals.

Together with leading partners, the EIT Community offers a wide range of innovation and entrepreneurship activities: education courses that combine technical and entrepreneurial skills, tailored business creation and acceleration services and innovation driven research projects. This brings new ideas and solutions to the market, turns students into entrepreneurs and, most importantly, delivers innovation.

Governance

EIT is headed by a Director that is appointed by the Governing Board. He is accountable to the Governing Board for the administrative and financial management of the EIT and act as the legal representative of the EIT.

The Governing Board which is the principal governing body of the EIT entrusted with the role of strategic leadership and the overall direction of the operational activities implemented by the EIT. It is independent and autonomous in its decision-making and is responsible for the selection, evaluation and support of the EIT Knowledge and Innovation Communities. The Governing Board brings together 12 members, appointed by the Commission. For their appointment the Commission takes into account to the balance between higher education, research, innovation and business experience as well as to gender and geographical balance and an appreciation of the higher education, research and innovation environment across the Union. The Members have a four-year non-renewable term of office.

The Executive Committee supports the activities of the Governing Board by overseeing the implementation of its strategic decisions. It consists of the EIT Governing Board Chairperson and three members of the EIT Governing Board.

Sources of financing

The EIT is mainly financed through a contribution from the general budget of the European Union within the financial envelope and contribution from Horizon 2020 associated countries.

1.2. Annual accounts

Basis for preparation

The legal framework and the deadlines for the preparation of the annual accounts are set by the Framework Financial Regulation (FFR)². As per this regulation, the annual accounts are prepared in accordance with the rules adopted by the accounting officer of the Commission (EU Accounting Rules, EAR), which are based on internationally accepted accounting standards for the public sector (IPSAS).

Accounting Officer

In accordance with the FFR, the Governing Board of the entity appoints the Accounting Officer who is, amongst other tasks, responsible for preparation of the annual accounts, which are consolidated in those of the EU.

Following the decision of the EIT's Governing Board of 20 September 2018, the Accounting Officer of the Commission shall, as of 1 October 2018, acts as the Accounting Officer of EIT.

Composition of the annual accounts

The annual accounts cover the period from 1 January to 31 December and comprise the financial statements and the reports on the implementation of the budget. While the financial statements and the complementary notes are prepared on an accrual accounting basis, the budget implementation reports are primarily based on movements of cash.

Process from provisional accounts to discharge

The provisional annual accounts prepared by the Accounting Officer are transmitted, by 1 March of the following year, to the European Court of Auditors (ECA) and to the audit company selected by the entity. Following the audit, the Accounting Officer prepares the final annual accounts and submits them to the Governing Board for opinion.

The final annual accounts, together with the opinion of the Governing Board, are sent to the Accounting Officer of the Commission, the Court of Auditors, the European Parliament and the Council by 1 July of the following financial year. The ECA scrutinises the final annual accounts and includes any findings in the annual report for the European Parliament and the Council.

It falls to the Council to recommend, and then to the European Parliament to decide, whether to grant discharge to the Director in respect of the implementation of the budget for a given financial year. Amongst other elements this decision is also based on a review of the accounts and the annual report of the ECA.

² COMMISSION DELEGATED REGULATION (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council

1.3. Operational highlights

Achievements of the year

In 2020, the EIT continued to enhance its role as a smart investor in innovation by refining and implementing its strategy for Knowledge and Innovation Communities (KIC) financial sustainability to ensure a smooth and predictable transition towards their gradual financial independence from the EIT. The EIT further promoted collaboration and competition among the existing KIC by implementing targeted cross-KIC actions such as the EIT label and the development of a common Entrepreneurship and Innovation Agenda.

Innovation played a key role in responding to the significant challenges posed by the COVID-19 crisis.

The COVID-19 pandemic has significantly affected the EIT Community and, in particular, the unique support it provides across Europe to students, entrepreneurs and innovators dedicated to developing innovative solutions to global challenges. Under the EIT's coordination, the eight KICs have mobilised their partnerships, are proactively responding in a strategic and operational manner to the short-term challenges resulting from COVID-19, and also looking ahead to the expected economic and social challenges to follow.

The EIT Community has responded with concrete activities and resources to support the global response to the pandemic and with solutions powered by innovators and organisations within its ecosystem. The EIT therefore launched the EIT Crisis Response Initiative as part of the EU's collective efforts to tackle the COVID-19 crisis.

The EIT Governing Board mobilised EUR 60 million of additional funding to innovators powering high-impact solutions that tackle this unprecedented social and economic challenge. The financing allowed the launch of new innovation projects to address the immediate crisis as part of the 'Pandemic Response Projects', and will support highly innovative start-ups, scale-ups and SMEs crucial to the economy's fast recovery to benefit from additional funding under the 'Venture Support Instrument'.

The EIT Community's response focuses, on the one hand, on the most vulnerable beneficiary groups affected by the crisis, i.e. students, entrepreneurs (start-ups and SMEs) and innovators. On the other hand, a review and adjustment of focus of calls for activities for 2021 is ongoing to include a shift towards more COVID-19 related measures with EIT Health as the key driver. EIT Health, in the immediate situation and as one of the leading health innovation communities in Europe, is centrally placed to support the response to the pandemic.

On 8 September 2020, the EIT announced that the EUR 60 million had been awarded to 207 innovation projects and ventures from 32 countries. As part of the 'Pandemic Response Projects', 62 new innovation projects, bringing together 212 partners from 25 countries, are developing solutions directly tackling COVID-19 related challenges. The 'Venture Support Instrument' is supporting 145 start-ups, scale-ups and SMEs from 23 countries that have been enormously impacted by the COVID-19 crisis.

A few examples of EIT Community activities supported under the Crisis Response Initiative covered the acceleration of bringing healthcare solutions to the market that allow for remote screening and monitoring of patients by EIT Digital; the recovery of confidence in the urban mobility sector by EIT Urban Mobility as a way to counteract people returning to individual car traffic (e.g. projects to create solutions for the safe use of public transport); the mobilisation of 3-D printing and robotics by EIT RawMaterials to manufacture vital medical devices or test kits; as well as coordinated measures across EIT Manufacturing's network that will shorten manufacturing supply chains and relocate manufacturing production sites to Europe.

Due to the COVID-19 crisis, the major annual events, such as the EIT Stakeholder Forum and EIT Awards, were organised in the virtual space.

In a virtual celebration of innovation, showcasing the achievements of successful graduates, entrepreneurs and innovators supported by the EIT Community, the 2020 EIT Awards winners were chosen by an international jury from 26 nominees competing in four categories. The public also had its say with the EIT Public Award that saw over 5 000 votes being cast online. Recognising excellence in innovation, the nominees showcased their cutting-edge products and services accelerating Europe's transition to a greener, healthier, and more digital future.

Budget and budget implementation

The budget (Titles 1–3) of the EIT amounted to kEUR 615 862 in 2020 which was significantly higher compared to 2019 (kEUR 496 700). This represents a 24% increase compared to 2019. The largest part of the budget (99%) was spent on grants awarded to the Knowledge and Innovation Communities. Despite the COVID-19 crisis, for commitments, the EIT reached an implementation rate of 98%, which was above the execution rate of 2019 (2019: 97% on Titles 1–3, 2018: 92%, 2017: 91%). This is mainly due to the EIT's crisis response detailed above. For payments, EIT kept the high level of implementation at 98%.

The budget implementation on Title 1 (staff related expense) in terms of budget used by commitments was 92%; payments reached 85%. Due to the COVID-19 crisis, a significant part of the budget for missions was not used and transferred to other purposes contributing to the remote work of staff.

For commitments on Title 2 (administrative expense), EIT reached an implementation rate of 87% and for payments 65%. The low implementation rate came from the uncertainty caused by the pandemic situation, and affected the following expenses: transport, stationary, EIT Governing Board meetings and travels.

The budget execution on Title 3 (operational expense) was the highest for commitments (99%) as well as for payments (99%). Due to the COVID-19 crisis, a significant part of events was transferred to the digital space, which affected the implementation of the budget.

Impact of the activities in the financial statements

In the financial statements, the impact of the above mentioned activities can be noted in the:

- Increase of revenues related to the subsidy from the European Commission by 33% (2019: kEUR 414 693, 2020: kEUR 550 510) to support the increasing activities of EIT. This is in line with the increase of the operating expenses by 25%, which is mostly related to costs of expert fees and online events and communication expenses (2019: kEUR 451 894, 2020: kEUR 567 666).
- Decrease of other expenses such as external non IT services, property, plant and equipment expenses and missions mainly affected by the COVID-19 situation (2019: kEUR 1 919, 2020: kEUR 1 467).

FINANCIAL STATEMENTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

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BALANCE SHEET

EUR '000

	Note	31.12.2020	31.12.2019
NON-CURRENT ASSETS			
<i>Intangible assets</i>	2.1	0	24
<i>Property, plant and equipment</i>	2.2	18	59
<i>Exchange receivables and non-exchange recoverables</i>	2.3	1	1
		19	84
CURRENT ASSETS			
<i>Exchange receivables and non-exchange recoverables</i>	2.3	4 198	9 421
		4 198	9 421
TOTAL ASSETS		4 218	9 505
CURRENT LIABILITIES			
<i>Payables and other liabilities</i>	2.4	(1 661)	(10 539)
<i>Accrued charges</i>	2.5	(152 661)	(125 488)
		(154 322)	(136 028)
TOTAL LIABILITIES		(154 322)	(136 028)
NET ASSETS		(150 104)	(126 524)
<i>Accumulated deficit</i>		(126 524)	(82 499)
<i>Economic result of the year</i>		(23 581)	(44 025)
NET ASSETS		(150 104)	(126 524)

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2020	EUR '000 2019
REVENUE			
Revenue from non-exchange transactions	3.1		
<i>Funds from the Commission</i>		550 510	414 693
<i>Recovery of expenses</i>		26	-
		550 536	414 693
Revenue from exchange transactions			
<i>Other exchange revenue</i>	3.2	80	34
		80	34
Total revenue		550 615	414 727
EXPENSES			
<i>Operational costs</i>	3.3	(567 666)	(451 894)
<i>Staff costs</i>	3.4	(5 062)	(4 939)
<i>Finance costs</i>		(1)	-
<i>Other expenses</i>	3.5	(1 467)	(1 919)
Total expenses		(574 196)	(458 752)
ECONOMIC RESULT OF THE YEAR		(23 581)	(44 025)

CASHFLOW STATEMENT³

	<i>EUR '000</i>	
	2020	2019
<i>Economic result of the year</i>	(23 581)	(44 025)
Operating activities		
<i>Depreciation and amortization</i>	64	152
<i>(Increase)/decrease in exchange receivables and non-exchange</i>	5 222	(843)
<i>Increase/(decrease) in payables and other liabilities</i>	(8 880)	41
<i>Increase/(decrease) in accrued charges</i>	27 173	44 675
Investing activities		
NET CASHFLOW	-	-
<i>Cash and cash equivalents at the beginning of the year</i>	-	-
<i>Cash and cash equivalents at year-end</i>	-	-

³ Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own except for an imprest account. All payments and receipts are processed via the Commission's treasury system and registered on intercompany accounts which are presented under the heading exchange receivables.

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated Surplus/(Deficit)	Economic result of the year	EUR '000 Net Assets
BALANCE AS AT 31.12.2018	(56 509)	(25 989)	(82 499)
<i>Allocation of the 2018 economic result</i>	(25 989)	25 989	-
<i>Economic result of the year</i>	-	(44 025)	(44 025)
BALANCE AS AT 31.12.2019	(82 499)	(44 025)	(126 524)
<i>Allocation of the 2019 economic result</i>	(44 025)	44 025	-
<i>Economic result of the year</i>	-	(23 581)	(23 581)
BALANCE AS AT 31.12.2020	(126 524)	(23 581)	(150 104)

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. ACCOUNTING PRINCIPLES

The objective of financial statements is to provide information about the financial position, performance and cashflows of an entity that is useful to a wide range of stakeholders.

The overall considerations (or accounting principles) to be followed when preparing the financial statements are laid down in EU Accounting Rule 1 'Financial Statements' and are the same as those described in IPSAS 1: fair presentation, accrual basis, going concern, consistency of presentation, materiality, aggregation, offsetting and comparative information. The qualitative characteristics of financial reporting are relevance, faithful representation (reliability), understandability, timeliness, comparability and verifiability.

1.2. BASIS OF PREPARATION

1.2.1. Reporting period

Financial statements are presented annually. The accounting year begins on 1 January and ends on 31 December.

1.2.2. Currency and basis for conversion

The annual accounts are presented in thousands of euros, the euro being the EU's functional currency. Foreign currency transactions are translated into euros using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the re-translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance. Different conversion methods apply to property, plant and equipment and intangible assets, which retain their value in euros at the date when they were purchased.

Year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into euros on the basis of the European Central Bank (ECB) exchange rates applying on 31 December.

Euro exchange rates

Currency	31.12.2020	31.12.2019	Currency	31.12.2020	31.12.2019
BGN	1.9558	1.9558	PLN	4.5597	4.2568
CZK	26.2420	25.4080	RON	4.8683	4.783
DKK	7.4409	7.4715	SEK	10.0343	10.4468
GBP	0.8990	0.8508	CHF	1.0802	1.0854
HRK	7.5519	7.4395	JPY	126.4900	121.9400
HUF	363.8900	330.5300	USD	1.2271	1.1234

1.2.3. Use of estimates

In accordance with IPSAS and generally accepted accounting principles, the financial statements necessarily include amounts based on estimates and assumptions by management based on the most reliable information available. Significant estimates include, but are not limited to: amounts for employee benefit liabilities, accrued and deferred revenue and charges, provisions, financial risk on accounts

receivable, contingent assets and liabilities, and degree of impairment of assets. Actual results could differ from those estimates.

Reasonable estimates are an essential part of the preparation of financial statements and do not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error. The effect of a change in accounting estimate shall be recognised in the surplus or deficit in the periods in which it becomes known.

1.2.4. Application of new and amended European Union Accounting Rules (EAR)

New EAR which are effective for annual periods beginning on or after 1 January 2020

There are no new EAR which became effective for annual periods beginning on or after 1 January 2020.

New EAR adopted but not yet effective at 31 December 2020

On 17 December 2020 the Accounting Officer of the European Commission adopted the revised EAR 11 'Financial Instruments', which is effective for accounting periods beginning on or after 1 January 2021. The revised EAR 11 has been updated in line with the new IPSAS 41 'Financial Instruments' and establishes the principles for the financial reporting of the financial assets and financial liabilities held by the EU entities. For more information please refer to the EU annual accounts of 2020. No material impact of this change is expected due to the small amount of financial instruments in the financial statements of the entity.

1.3. BALANCE SHEET

1.3.1. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it is either separable, or arises from binding arrangements. Acquired intangible assets are stated at historical cost less accumulated amortisation and impairment losses. Internally developed intangible assets are capitalised when the relevant criteria of the EU accounting rules are met and the expenses relate solely to the development phase of the asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives (3 to 11 years).

1.3.2. Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the entity and its cost can be measured reliably. Repairs and maintenance costs are charged to the statement of financial performance during the financial period in which they are incurred. Land is not depreciated, as it is deemed to have an indefinite useful life. Assets under construction are not depreciated as these assets are not yet available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

Type of asset	Straight line depreciation rate
<i>Buildings</i>	4 % to 10 %
<i>Plant and equipment</i>	10 % to 25 %
<i>Furniture and vehicles</i>	10 % to 25 %
<i>Computer hardware</i>	25 % to 33 %
<i>Other</i>	10 % to 33 %

Gains or losses on disposals are determined by comparing proceeds less selling expenses with the carrying amount of the disposed asset and are included in the statement of financial performance.

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases are classified as either finance leases or operating leases.

Finance leases are leases where substantially all the risks and rewards incidental to ownership are transferred to the lessee.

An operating lease is a lease other than a finance lease, i.e. a lease where the lessor retains substantially all the risks and rewards incidental to ownership of an asset. When entering an operating lease as a lessee, the operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term with neither an asset nor a liability recognised in the balance sheet.

1.3.3. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation/depreciation and are tested annually for impairment. Assets that are subject to amortisation/depreciation are tested for impairment whenever there is an indication at the reporting date that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable (service) amount. The recoverable (service) amount is the higher of an asset's fair value less costs to sell and its value in use.

Intangible assets and property, plant and equipment residual values and useful lives are reviewed, and adjusted if appropriate, at least once per year. If the reasons for impairments recognised in previous years no longer apply, the impairment losses are reversed accordingly.

1.3.4. Financial assets

Financial assets are classified in the following categories: 'financial assets at fair value through surplus or deficit', 'loans and receivables', 'held-to-maturity investments' and 'available for sale financial assets'. The classification of the financial instruments is determined at initial recognition and re-evaluated at each balance sheet date. Based on this classification the entity only has 'loans and receivables'.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the entity provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in non-current assets, except for maturities within 12 months of the balance sheet date. Loans and receivables include term deposits with the original maturity above three months.

Initial recognition and measurement

Cash equivalents and loans are recognised when cash is deposited in a financial institution or advanced to borrowers. Financial instruments are initially recognised at fair value. For all financial assets not carried at fair value through surplus or deficit, transaction costs are added to the fair value at initial recognition.

Financial instruments are derecognised when the rights to receive cashflows from the investments have expired or the entity has transferred substantially all risks and rewards of ownership to another party.

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired and whether an impairment loss should be recorded in the statement of financial performance.

1.3.5. Pre-financing amounts

Pre-financing is a payment intended to provide the beneficiary with a cash advance, i.e. a float. It may be split into a number of payments over a period defined in the particular contract, decision, agreement or basic legal act. The float or advance is either used for the purpose for which it was provided during the

period defined in the agreement or it is repaid. If the beneficiary does not incur eligible expenditure, he has the obligation to return the pre-financing advance to the entity. Thus, as the entity retains control over the pre-financing and is entitled to a refund for the ineligible part, the amount is recognised as an asset.

Pre-financing is initially recognised on the balance sheet when cash is transferred to the recipient. It is measured at the amount of the consideration given. In subsequent periods pre-financing is measured at the amount initially recognised on the balance sheet less eligible expenses (including estimated amounts where necessary) incurred during the period.

1.3.6. Receivables and recoverables

The EU accounting rules require a separate presentation of exchange and non-exchange transactions. To distinguish between the two categories, the term 'receivable' is reserved for exchange transactions, whereas for non-exchange transactions, i.e. when the EU receives value from another entity without directly giving approximately equal value in exchange, the term 'recoverables' is used (e.g. recoverables from Member States related to own resources).

Receivables from exchange transactions meet the definition of financial instruments and are thus classified as loans and receivables and measured accordingly.

Recoverables from non-exchange transactions are carried at original amount (adjusted for interests and penalties) less write-down for impairment. A write-down for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the recoverables. The amount of the write-down is the difference between the asset's carrying amount and the recoverable amount. The amount of the write-down is recognised in the statement of financial performance.

1.3.7. Payables

Included under accounts payable are both amounts related to exchange transactions such as the purchase of goods and services, and to non-exchange transactions e.g. to cost claims from beneficiaries, grants or other EU funding, or pre-financing received (see note **1.4.1**).

Where grants or other funding are provided to the beneficiaries, the cost claims are recorded as payables for the requested amount, at the moment when the cost claim is received. Upon verification and acceptance of the eligible costs, the payables are valued at the accepted and eligible amount.

Payables arising from the purchase of goods and services are recognised at invoice reception for the original amount. The corresponding expenses are entered in the accounts when the supplies or services are delivered and accepted by the entity.

1.3.8. Accrued and deferred revenue and charges

Transactions and events are recognised in the financial statements in the period to which they relate. At year-end, if an invoice is not yet issued but the service has been rendered, or the supplies have been delivered by the entity or a contractual agreement exists (e.g. by reference to a contract), an accrued revenue will be recognised in the financial statements. In addition, at year-end, if an invoice is issued but the services have not yet been rendered or the goods supplied have not yet been delivered, the revenue will be deferred and recognised in the subsequent accounting period.

Expenses are also accounted for in the period to which they relate. At the end of the accounting period, accrued expenses are recognised based on an estimated amount of the transfer obligation of the period. The calculation of accrued expenses is done in accordance with detailed operational and practical guidelines issued by the Accounting Officer. These aim at ensuring that the financial statements provide a faithful representation of the economic and other phenomena they purport to represent. By analogy, if a payment has been made in advance for services or goods that have not yet been received, the expense will be deferred and recognised in the subsequent accounting period.

1.4. STATEMENT OF FINANCIAL PERFORMANCE

1.4.1. Revenue

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Depending on the nature of the underlying transactions in the statement of financial performance, revenue is distinguished between:

(i) Revenue from non-exchange transactions

Revenue from non-exchange transactions are taxes and transfers, because the transferor provides resources to the recipient entity, without the recipient entity providing approximately equal value directly in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. For the EU entities, transfers mostly comprise funds received from the Commission (e.g. balancing subsidy to the traditional agencies, operating subsidy for the delegation agreements).

The entity shall recognise an asset in respect of transfers when the entity controls the resources as a result of a past event (the transfer) and expects to receive future economic benefits or service potential from those resources, and when the fair value can be reliably measured. An inflow of resources from a non-exchange transaction recognised as an asset (i.e. cash) is also recognised as revenue, except to the extent that the entity has a present obligation in respect of that transfer (condition), which needs to be satisfied before the revenue can be recognised. Until the condition is met the revenue is deferred and recognised as a liability.

(ii) Revenue from exchange transactions

Revenue from the sale of goods and services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

1.4.2. Expenses

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or the incurring of liabilities that result in decreases in net assets. They include both the expenses from exchange transactions and expenses from non-exchange transactions.

Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the entity. They are valued at the original invoice amount. Furthermore, at the balance sheet date expenses related to the service delivered during the period for which an invoice has not yet been received or accepted are recognised in the statement of financial performance.

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by regulation or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made.

When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expense.

1.5. CONTINGENT ASSETS AND LIABILITIES

1.5.1. Contingent assets

A contingent asset is a possible asset that arises from past events and of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed when an inflow of economic benefits or service potential is probable.

1.5.2. Contingent liabilities

A contingent liability is either a possible obligation of which the existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation where it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

A contingent liability also arises in the rare circumstances where a present obligation exists but cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the accounts. They are disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

1.6. CONSOLIDATION

The accounts of this entity are fully consolidated in the consolidated annual accounts of the EU.

2. NOTES TO THE BALANCE SHEET

ASSETS

2.1. INTANGIBLE ASSETS

	EUR '000
<i>Gross carrying amount at 31.12.2019</i>	475
Gross carrying amount at 31.12.2020	475
<i>Accumulated amortisation at 31.12.2019</i>	(451)
<i>Amortisation charge for the year</i>	(24)
Accumulated amortisation at 31.12.2020	(475)
NET CARRYING AMOUNT AT 31.12.2020	0
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	24

The above amounts relate primarily to computer software with an amortisation rate 25%.

2.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

	Plant and equipment	Furniture and vehicles	Computer hardware	Other	TOTAL
<i>Gross carrying amount at 31.12.2019</i>	1	102	546	92	742
Gross carrying amount at 31.12.2020	1	102	546	92	742
<i>Accumulated depreciation at 31.12.2019</i>	(1)	(93)	(506)	(83)	(683)
<i>Depreciation charge for the year</i>	-	(5)	(33)	(3)	(41)
Accumulated depreciation at 31.12.2020	(1)	(98)	(539)	(86)	(724)
NET CARRYING AMOUNT AT 31.12.2020	-	4	7	7	18
<i>NET CARRYING AMOUNT AT 31.12.2019</i>	-	9	40	9	59

2.3. EXCHANGE RECEIVABLES & NON-EXCHANGE RECOVERABLES

Exchange transactions are transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Non-exchange transactions are transactions in which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

	Note	31.12.2020	EUR '000 31.12.2019
Non-current			
Receivables from exchange transactions		1	1
		1	1
Current			
Recoverables from exchange transactions	2.3.1	3 780	9 129
Receivables from non-exchange transactions	2.3.1	419	292
		4 198	9 421
Total		4 199	9 422

2.3.1. Current recoverables and receivables

	31.12.2020	EUR '000 31.12.2019
Recoverables from non-exchange transactions		
Member States	419	292
	419	292
Receivables from exchange transactions		
Customers	2	–
Central treasury liaison accounts	3 559	9 065
Deferred charges relating to exchange transactions	166	64
Other	53	0
	3 780	9 129
Total	4 198	9 421

The main element concerns the treasury liaison/intercompany accounts with the Commission that represents a virtual bank account of EIT. Following the appointment of the Accounting Officer of the Commission as the Accounting Officer of EIT, the treasury of EIT was integrated into the Commission's treasury system. Because of this, EIT does not have any bank accounts of its own. All payments and receipts are processed via the Commission's treasury and registered on intercompany accounts which are presented under this heading. The result of the incoming and outgoing payments represents the ending cash balance.

Deferred charges related to exchange transactions comprise school fees paid in advance for 2021.

Recoverables from Member States contain VAT amounts to be recovered from the Republic of Hungary. EIT benefits from an indirect exemption for VAT from the Republic of Hungary for purchases above the threshold amount of EUR 240.

LIABILITIES

2.4. PAYABLES AND OTHER LIABILITIES

Payables are liabilities to pay for goods or services that have been received or supplied and - unlike accrued charges - have already been invoiced or formally agreed with the supplier. Payables can relate to both exchange transactions (such as the purchase of goods and services) and non-exchange transactions (e.g. cost claims from beneficiaries of grants, pre-financing or other EU funding).

	<i>EUR '000</i>	
	31.12.2020	31.12.2019
<i>Pre-financing received from Commission</i>	1 660	9 761
<i>Current payables</i>	1	779
<i>Sundry payables</i>	(0)	(1)
Total	1 661	10 539

The outstanding amount for the pre-financing received represents the unused amount of the 2020 Commission subsidy. The amounts will be kept by EIT and used in the following year. The large decrease compared to last year relates to increase of activities of EIT that resulted in using up most of the 2020 subsidy, hence a low liability to the Commission.

The sub-heading current payables concerns amounts owed to suppliers. As the majority of the outstanding supplier invoices were paid at the year end, the liability decreased significantly compared to 2019.

2.5. ACCRUED CHARGES

Accruals are liabilities to pay for goods or services that have been received or supplied but - unlike payables - have not yet been invoiced or formally agreed with the supplier. They include amounts due to employees (e.g. accruals for untaken holidays). The calculation of accruals is based on the open amount of budgetary commitments at year-end. The portion of the estimated accrued charges relating to pre-financing paid has been recorded as a reduction of the pre-financing amounts.

	<i>EUR '000</i>	
	31.12.2020	31.12.2019
<i>Accrued charges</i>	152 661	125 488

Accrued charges are composed of estimated operational expenses of kEUR 150 642 related to grant agreements where no invoice or cost claim has been validated by 31 December 2020. This amount is net of accrued charges clearing pre-financing of kEUR 417 610. As a result, the whole pre-financing balance was cleared with estimated expenses and the open pre-financing amounted to null at the year end.

Included under this heading are also accrued expenses for staff costs (kEUR 58), building, equipment and other administrative costs (kEUR 37), other services related to operational activities (kEUR 1 821) and charges for untaken leave of kEUR 103.

3. NOTES TO THE STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

3.1. NON-EXCHANGE REVENUE

Revenue from non-exchange transactions relates to transactions where the transferor provides resources to the recipient entity without the recipient entity providing approximately equal value directly in exchange. The heading mainly includes amounts received from the Commission during the year and recoveries of operational expenses.

	EUR '000	
	2020	2019
<i>Funds from the Commission</i>	550 510	414 693
<i>Recovery of expenses</i>	26	-
Total	550 536	414 693

The heading Funds from the Commission corresponds to the amounts of the balancing subsidy used during 2020. Unused amounts are recorded as pre-financing liabilities under accounts payable (see note 2.4) and are used in the following year. The increase compared to the prior year is due to the increase in EIT's activities – see also operational costs (note 3.3).

The ex-post audits of grants reports resulted in a recovery of unduly paid expenses for grants awarded in 2018. The ex-post audits of KIC grants awarded in 2019 were still on-going at the year end thus no amounts in this respect were recorded under the heading recovery of expenses.

3.2. OTHER EXCHANGE REVENUE

The revenue from exchange transactions and events relates to following types of transactions: rendering of services; sale of goods; and the use by others of entity assets yielding interest, royalties and dividends.

	EUR '000	
	2020	2019
<i>Foreign exchange gains</i>	72	27
<i>Other</i>	8	7
Total	80	34

The foreign exchange gains include both amounts related to realised and unrealised exchange gains. The corresponding exchange losses are included under other expenses (see note 3.5).

EXPENSES

3.3. OPERATIONAL COSTS

Included under this heading are expenses incurred in relation to operational activities.

	EUR '000	
	2020	2019
<i>Operational costs</i>	567 666	451 894

The increase of kEUR 115 772 in the operational costs is primarily due to an increase in value of the KIC grants awarded in the year. Both the amounts incurred and the amounts estimated to have been incurred

(see note 2.5) are included under this heading. The operational costs also include amounts related to expert fees, online events, online communication expenses and other operational activities.

3.4. STAFF COSTS

This heading includes the expenses for salaries, allowances and other employment-related benefits. Based on the service level agreement between the entity and the Commission, the calculations of staff-related costs is carried out by the Commission's Office for Administration and Payment of Individual Entitlements (also known as the Paymaster's Office - PMO). The pensions of the entity staff members are covered by the Pension Scheme of European Officials. This pension scheme is a defined benefit plan, i.e. the amount of benefit an employee will receive on retirement depends on several factors, the most important of which is years of service. Both the entity staff and the EU budget contribute to the pension scheme, with the contribution percentage being revised annually in line with the changes in the Staff Regulation governing the scheme. The cost to the EU Budget is not reflected in the entity accounts. Similarly, no provision related to the future pension payments is recognised in the annual accounts of the entity, as the obligation falls to the Commission. Consequently, both the annual cost to the EU budget, and the future benefits payable to the entity staff, are accounted for in the Commission's annual accounts as part of its provision for pensions and other post-employment benefits. The pension costs included in the Commission's Statement of Financial Performance represent current service cost (rights accrued during the year due to service) and interest cost (unwinding of the liability discounting) which have arisen following the year-end actuarial valuation of the employee benefits liabilities.

	EUR '000	
	2020	2019
<i>Staff costs</i>	5 062	4 939

3.5. OTHER EXPENSES

Included under this heading are expenses of administrative nature such as external non IT services, operating leasing expenses, communications and publications, training costs etc.

	EUR '000	
	2020	2019
<i>External IT services</i>	409	293
<i>External non IT services</i>	343	428
<i>Expenses with other consolidated entities</i>	200	275
<i>Experts expenses</i>	156	154
<i>Property, plant and equipment related expenses</i>	138	264
<i>Operating leasing expenses</i>	74	47
<i>Foreign exchange losses</i>	48	23
<i>Communications & publications</i>	33	50
<i>Missions</i>	29	242
<i>Training costs</i>	8	22
<i>Other</i>	28	121
Total	1 467	1 919

The decrease of kEUR 452 in other expenses is mostly due to the COVID-19 crisis. A significant part of the budget for missions, property, plant and equipment related purchases was not used and transferred to other purposes contributing to the remote work of staff. In addition, the EIT Governing Board meetings were turned to digital that explains the lower amount of external non IT services costs.

Regarding the external IT services, the increase comes from the pandemic situation, namely increase in hardware and software purchases as well as from the introduction of more EC tools, like ARES for document management and Sysper for human resources management.

In 2018, EIT signed a new leasing contract for the office in Budapest for 11 years. An overview of the amounts to be committed and paid during the remaining term of this lease contract, including rent and related charges, is as follows:

EUR '000

	Future amounts to be paid			Total
	< 1 year	1- 5 years	> 5 years	
<i>Buildings</i>	59	225	165	449
<i>IT materials and other equipment</i>	7	11	-	18
Total	66	235	165	467

4. OTHER SIGNIFICANT DISCLOSURES

4.1. OUTSTANDING COMMITMENTS NOT YET EXPENSED

The outstanding commitments not yet expensed comprise the budgetary RAL ('Reste à Liquider') less related amounts that have been included as expenses in the current year's statement of financial performance. The RAL represents the open budgetary commitments for which payments and/or de-commitments have not yet been made. This is the normal consequence of the existence of multi-annual programmes.

	<i>EUR '000</i>	
	31.12.2020	31.12.2019
<i>Outstanding commitments not yet expensed</i>	35 087	20 025

4.2. SERVICES IN KIND

According to the Article 3 of the Host Agreement between the Hungarian Government and EIT, entered in force in 2010 the headquarters building in Budapest and the related services (maintenance, security services, etc.) are provided to EIT free of charge. The contract is valid for 20 years and its yearly value is estimated to be kEUR 654.

4.3. RELATED PARTIES

The related parties of the entity are the other EU consolidated entities and the key management personnel of these entities. As transactions between the relevant entity and the parties involved take place as part of the normal operations of the entity and on terms and conditions that are normal for such transactions, no specific disclosures are required.

4.4. KEY MANAGEMENT ENTITLEMENTS

The Director, or head of entity, is remunerated in accordance with the Staff Regulations of the European Union, which establish the rights and obligations of all officials of the EU. The Staff Regulations are published on the Europa website.

	31.12.2020	31.12.2019
<i>Director</i>	<i>AD 14</i>	<i>AD 14</i>

4.5. OTHER EVENTS

Brexit

On 1 February 2020 the United Kingdom ceased to be a Member State of the European Union. Following the conclusion of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') between the two parties, the United Kingdom committed to pay all its obligations under the current MFF and previous financial perspectives following from its membership of the Union. The United Kingdom has paid into the 2020 EU Budget during the year, and received payments, as if it were a Member State.

At the date of transmission of these accounts, and based on the Withdrawal Agreement concluded and already in operation, there is no financial impact to be reported in these accounts. For further information on the impact of the Withdrawal Agreement on the EU, please see the 2020 consolidated EU annual accounts.

5. FINANCIAL RISK MANAGEMENT

5.1. TYPES OF RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate, because of variations in market prices. Market risk embodies not only the potential for loss, but also the potential for gain. It comprises currency risk, interest rate risk and other price risk (the entity has no significant interest rate risk and other price risk).

(1) *Currency risk* is the risk that the entity operations will be affected by changes in exchange rates. This risk arises from the change in the price of one currency against another.

(2) *Interest rate risk* is the possibility of a reduction in the value of a security, especially a bond, resulting from an increase in interest rates. In general, higher interest rates will lead to lower prices of fixed rate bonds, and vice versa. The entity does not have any securities thus it is not exposed to the interest rate risk.

Credit risk is the risk of loss due to a debtor's non-payment or other failure to meet a contractual obligation. The default events include a delay in repayments, and bankruptcy.

Liquidity risk is the risk that arises from the difficulty in selling an asset; for example, the risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss or meet an obligation.

5.2. CURRENCY RISKS

Exposure to currency risk at year-end

At the end of the year, the financial assets are composed of exchange receivables and non-exchange recoverables. The financial liabilities are composed of accounts payable. Their ending balances are mainly quoted in EUR, the entity is thus not exposed to currency risk.

5.3. CREDIT RISK

Financial assets that are neither past due nor impaired

At the end of the year, the financial assets comprise exchange receivables and non-exchange recoverables that are neither past due nor impaired, the entity is thus not exposed to credit risk.

Financial assets by risk category

At 31 December 2020 the financial assets are composed of receivables and recoverables from entities with a prime external credit rating amounting kEUR 3 559, from entities with lower medium grade amounting kEUR 419 and entities who never defaulted amounting kEUR 221.

5.4. LIQUIDITY RISK

Maturity analysis of financial liabilities by remaining contractual maturity

The financial liabilities are mainly composed of accounts payable. All the accounts payable have remaining contractual maturity of less than 1 year.

THE BUDGET IMPLEMENTATION REPORTS AND EXPLANATORY NOTES

It should be noted that due to the rounding of figures into thousands of euros (kEUR), some financial data in the tables below may appear not to add-up.

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1. BUDGETARY PRINCIPLES AND STRUCTURE

1.1 BUDGETARY PRINCIPLES

The establishment and implementation of the budget of EIT is governed by the following basic principles set out in the Title II of the EIT Financial Regulation:

Principles of unity and budget accuracy

This principle means that no revenue shall be collected and no expenditure effected unless booked to a line in the budget of EIT. No expenditure may be committed or authorised in excess of the appropriations authorised by the budget. An appropriation may be entered in the budget only if it is for an item of expenditure which is considered necessary.

Principle of annuality

The appropriations entered in the budget shall be authorised for a financial year, which shall run from 1 January to 31 December. As specified in its Financial Regulation, EIT is subject to an exception to the annuality principle (the "N+3" rule), whereby any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years. These appropriations must be used first.

Principle of equilibrium

Revenue and payment appropriations shall be in balance.

Principle of unit of account

The budget shall be drawn up and implemented in euros and the accounts shall be presented in euros.

Principle of universality

Total revenue shall cover total payment appropriations and all revenue and expenditure shall be entered in full without any adjustment against each other.

Principle of specification

Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.

Principle of sound financial management

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness.

Principle of transparency

The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency. A summary of the budget of the EIT and any amending budget of the EIT, as definitively adopted, shall be published in the Official Journal of the European Union within three months of their adoption. The budget and any amending budgets shall be published on EIT's internet site within four weeks of adoption and shall be transmitted for information to the European Parliament and the Council, to the Commission and the Court of Auditors.

1.2 STRUCTURE AND PRESENTATION OF THE BUDGET

EIT makes use of non-differentiated appropriations for its administrative expenditure and of differentiated appropriations for its operational expenditure.

Following the provisions of the EIT Financial Regulation, the budget accounts shall consist of a statement of revenue and a statement of expenditure. The budget is distributed in the following titles:

Title 1

Budget lines relating to staff expenditure such as salaries and allowances for persons working with EIT. It also includes recruitment expenses, staff missions, expenses for the socio-medical infrastructure and representation costs.

Title 2

Budget lines relating to all infrastructure, equipment, meetings, studies, and miscellaneous administrative expenditure.

Title 3

Budget lines providing for the implementation of the activities and tasks assigned to EIT in accordance with its establishing Regulation (EC) No 294/2008 as amended by Regulation (EU) No 1292/2013.

Title 4

These are cancelled appropriations that are not implemented during the financial year and can be re-entered in the following three financial years. Therefore, the implementation rate of Title 4 will be always zero.

2. RESULT OF THE IMPLEMENTATION OF THE BUDGET

		EUR '000	
	Title	2020	2019
Revenue		550 031	416 031
of which:			
<i>European Union subsidy</i>	2	497 631	378 564
<i>Third countries contributions (including EFTA and candidate countries)</i>	3	48 998	37 425
<i>Revenue accruing from the administrative operation of the institution</i>	5	17	8
<i>Contribution and refunds in connection with the operational activities of the institution</i>	7	3 385	34
Expenditure		(541 891)	(405 988)
of which:			
<i>Staff expenditure</i>	1	(5 668)	(5 596)
<i>Administrative expenditure</i>	2	(601)	(686)
<i>Operational expenditure</i>	3	(535 622)	(399 706)
Payment appropriat. carried over to the following year		(605)	(517)
of which:			
<i>Staff expenditure</i>	1	(434)	(233)
<i>Administrative expenditure</i>	2	(170)	(284)
Cancellation of unused appropri. carried over from year n-1		886	137
Evolution of assigned revenue (B)-(A)		(3 384)	95
<i>Unused appropriations at the end of current year (A)</i>		3 386	2
<i>Unused appropriations at the end of previous year (B)</i>		2	97
Exchange rate differences		24	4
Budget result		5 061	9 761

3. RECONCILIATION OF ECONOMIC RESULT WITH BUDGET RESULT

EUR '000

	2020	2019
ECONOMIC RESULT OF THE YEAR	(23 581)	(44 025)
Adjustment for accrual items (items not in the budgetary result but included in the economic result)	27 595	44 659
<i>Adjustments for accrual cut-off (net)</i>	27 173	44 675
<i>Unpaid invoices at year end but booked in expenses</i>	(1)	(779)
<i>Depreciation of intangible and tangible assets</i>	64	152
<i>Recovery orders issued in the year and not yet cashed</i>	3	-
<i>Correction of recovery orders issued last year</i>	-	-
<i>Payments made against carry-over of payment appropriations</i>	328	614
<i>Other individually immaterial items</i>	28	(3)
Adjustment for budgetary items (item included in the budgetary result but not in the economic result)	1 046	9 126
<i>New pre-financing received in the year and remaining open as at 31 December</i>	4 149	9 523
<i>Payment appropriations carried over to next year</i>	(3 991)	(520)
<i>Cancellation of unused carried over payment appropriations from previous year</i>	886	137
<i>Adjustment for carry-over of assigned revenue appropriations from previous year</i>	2	(2)
<i>Other individually immaterial items</i>	-	(12)
BUDGET RESULT OF THE YEAR	5 061	9 761

4. IMPLEMENTATION OF BUDGET REVENUE

4.1 Implementation of budget revenue – Title 2

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
200 European Union subsidy	473 631	497 631	497 631	-	497 631	497 631	-	497 631	100 %	-
Total Chapter 20	473 631	497 631	497 631	-	497 631	497 631	-	497 631	100 %	-
Total Title 2	473 631	497 631	497 631	-	497 631	497 631	-	497 631	100 %	-

4.2 Implementation of budget revenue – Title 3

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%	
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2	
300 EFTA Contribution	11 412	11 412	11 412	-	11 412	11 412	-	11 412	100 %	-
Total Chapter 30	11 412	11 412	11 412	-	11 412	11 412	-	11 412	100 %	-
310 Third countries	37 586	37 586	37 586	-	37 586	37 586	-	37 586	100 %	-
Total Chapter 31	37 586	37 586	37 586	-	37 586	37 586	-	37 586	100 %	-
Total Title 3	48 998	48 998	48 998	-	48 998	48 998	-	48 998	100 %	-

4.3 Implementation of budget revenue – Title 5

EUR '000

	Income appropriations		Entitlements established			Revenue				Out-standing	
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2		10=5-8
570	Amounts wrongly paid	-	-	18	-	18	16	-	16	-	2
Total Chapter 57		-	-	18	-	18	16	-	16	-	2
590	Other admin revenue	-	-	1	-	1	1	-	1	-	-
Total Chapter 59		-	-	1	-	1	1	-	1	-	-
Total Title 5		-	-	19	-	19	17	-	17	-	2

4.4 Implementation of budget revenue – Title 7

EUR '000

Item	Income appropriations		Entitlements established			Revenue				Out-standing	
	Initial budget	Final budget	Current year	Carried over	Total	On entitlements of current year	On entitlements carried over	Total	%		
	1	2	3	4	5=3+4	6	7	8=6+7	9=8/2		10=5-8
700	UNUSED KICS GRANTS	-	-	3 360	-	3 360	3 360	-	3 360	-	-
701	Ex post audit revenue	-	-	26	-	26	26	-	26	-	-
Total Chapter 70		-	-	3 385	-	3 385	3 385	-	3 385	-	-
Total Title 7		-	-	3 385	-	3 385	3 385	-	3 385	-	-
GRAND TOTAL		522 629	546 629	550 033	-	550 033	550 031	-	550 031	101 %	2

5. IMPLEMENTATION OF BUDGET EXPENDITURE

5.1 Breakdown & changes in commitment appropriations

5.1.1 Breakdown & changes in commitment appropriations – Title 1

EUR '000

Item	Initial adopted budget	Budget appropriations			Additional appropriations			Total approp. available
		Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Basic salaries	2 700	-	-	2 700	-	-	-	2 700
1101 Allowances	930	230	(47)	1 113	-	-	-	1 113
1102 Employers charges	146	-	5	151	-	-	-	151
1110 Contract agents	900	110	-	1 010	-	-	-	1 010
1121 Entering / leaving	120	-	-	120	-	-	-	120
1130 Schooling	310	-	26	336	-	16	16	352
Total Chapter 11	5 106	340	(16)	5 430	-	16	16	5 447
1200 Recruitment expenses	24	(18)	(1)	5	-	-	-	5
Total Chapter 12	24	(18)	(1)	5	-	-	-	5
1300 Mission expenses	220	(148)	(22)	50	-	1	1	51
Total Chapter 13	220	(148)	(22)	50	-	1	1	51
1400 Restaurants and canteens	1	(0)	-	0	-	-	-	0
1401 Medical expenses	18	6	-	24	-	-	-	24
1402 Childhood centre	100	(50)	-	50	-	-	-	50
1403 Social contacts	13	(13)	-	-	-	-	-	-
1404 Other social expenses	5	(2)	-	3	-	-	-	3
Total Chapter 14	137	(60)	-	77	-	-	-	77
1500 Training	60	(23)	4	41	-	-	-	41
Total Chapter 15	60	(23)	4	41	-	-	-	41
1600 Agency staff	260	325	-	585	-	-	-	585
1601 Seconded national experts (SNE)	72	(52)	(7)	13	-	-	-	13
1602 Trainees	80	-	31	111	-	-	-	111
1603 IT support	117	-	-	117	-	-	-	117
1604 Administrative assistance	263	(116)	(2)	145	-	-	-	145
1611 Translation	20	(8)	-	12	-	-	-	12
Total Chapter 16	812	149	21	982	-	-	-	982
1700 Representation	2	-	-	2	-	-	-	2
Total Chapter 17	2	-	-	2	-	-	-	2
Total Title 1	6 361	240	(14)	6 587	-	17	17	6 604

5.1.2 Breakdown & changes in commitment appropriations – Title 2

EUR '000

Item	Budget appropriations				Additional appropriations			Total approp. available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
2000 Renting	72	(7)	–	65	–	–	–	65
2002 Building insurance	2	(2)	–	–	–	–	–	–
2003 Water, gas, electricity, heating	30	(4)	–	26	–	0	0	26
2004 Cleaning, maintenance	35	(2)	–	33	–	–	–	33
2005 Security and surveillance	29	(10)	–	20	–	–	–	20
2006 Fitting out of premises	9	(6)	–	3	–	–	–	3
2009 Other building expenditure	7	–	1	8	–	–	–	8
Total Chapter 20	183	(30)	1	155	–	0	0	155
2100 ICT equipment acquisition	129	11	11	151	–	–	–	151
2101 ICT maintenance	226	16	–	242	–	–	–	242
Total Chapter 21	355	27	11	393	–	–	–	393
2212 Transport cost	19	(8)	–	11	–	–	–	11
2220 Acquisition of furniture	60	(55)	–	6	–	–	–	6
Total Chapter 22	79	(62)	–	17	–	–	–	17
2300 Stationery	5	(4)	–	2	–	–	–	2
2301 Postage and delivery	6	(5)	–	1	–	–	–	1
2302 Telecommunication	40	6	–	46	–	–	–	46
2304 Handling and moving	2	(2)	–	–	–	–	–	–
2306 Honoraria for Governing Board (GB) members	158	–	2	160	–	–	–	160
2309 Other administrative expenditure	1	–	–	1	–	–	–	1
Total Chapter 23	211	(5)	2	209	–	–	–	209
2400 Official Journal	2	(2)	0	0	–	–	–	0
2402 Purchase information	–	17	–	17	–	–	–	17
Total Chapter 24	2	15	0	17	–	–	–	17
2500 Governing Board (GB) meetings and travels	170	(80)	–	90	–	–	–	90
2520 Internal meetings	5	(4)	–	2	–	–	–	2
Total Chapter 25	175	(84)	–	92	–	–	–	92
Total Title 2	1 005	(138)	14	881	–	0	0	881

5.1.3 Breakdown & changes in commitment appropriations – Title 3

EUR '000

Item	Budget appropriations				Additional appropriations			Total appropri- available
	Initial adopted budget	Amending budgets	Transfers	Final budget adopted	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
3000 Knowledge Innovation Communities (KIC) grants	532 757	1 223	(19)	533 962	66 074	3 419	69 494	603 455
Total Chapter 30	532 757	1 223	(19)	533 962	66 074	3 419	69 494	603 455
3111 Planning, reporting and audits	2 700	(474)	(146)	2 080	-	-	-	2 080
3112 Knowledge triangle integration	111	21	-	132	-	-	-	132
3113 Fostering growth and creating impact	50	-	-	50	-	-	-	50
3114 New Knowledge and Innovation Communities	200	(200)	-	-	-	-	-	-
Total Chapter 31	3 061	(653)	(146)	2 262	-	-	-	2 262
3202 Communications and dissemination	1 500	(255)	160	1 405	-	-	-	1 405
3203 Alumni	295	(33)	-	262	-	-	-	262
3204 Stakeholder relations	710	(350)	(36)	324	-	-	-	324
3205 Awards	320	-	-	320	-	-	-	320
Total Chapter 32	2 825	(638)	124	2 311	-	-	-	2 311
3301 EIT-KIC relations	45	-	41	86	-	-	-	86
3302 Simplification	67	(33)	-	34	-	-	-	34
3303 Monitoring and evaluation	230	(1)	-	229	-	-	-	229
Total Chapter 33	342	(34)	41	348	-	-	-	348
Total Title 3	538 985	(102)	0	538 883	66 074	3 419	69 494	608 376

5.1.4 Breakdown & changes in commitment appropriations – Title 4

EUR '000

Item	Initial adopted budget	Budget appropriations			Final budget adopted	Additional appropriations			Total approp. available
		Amending budgets	Transfers	Carry-overs		Assigned revenue	Total		
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7	
4001 Cancelled appropriations of year n-1	-	-	-	-	9 226	-	9 226	9 226	
Total Chapter 40	-	-	-	-	9 226	-	9 226	9 226	
Total Title 4	-	-	-	-	9 226	-	9 226	9 226	
GRAND TOTAL	546 350	0	0	546 350	75 301	3 437	78 738	625 088	

5.2 Breakdown & changes in payment appropriations

5.2.1 Breakdown & changes in payment appropriations – Title 1

EUR '000

Item	Budget appropriations				Additional appropriations			Total approp. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
1100 Basic salaries	2 700	-	-	2 700	-	-	-	2 700
1101 Allowances	930	230	(47)	1 113	-	-	-	1 113
1102 Employers charges	146	-	5	151	-	-	-	151
1110 Contract agents	900	110	-	1 010	-	-	-	1 010
1121 Entering / leaving	120	-	-	120	-	-	-	120
1130 Schooling	310	-	26	336	-	16	16	352
Total Chapter 11	5 106	340	(16)	5 430	-	16	16	5 447
1200 Recruitment expenses	24	(18)	(1)	5	2	-	2	7
Total Chapter 12	24	(18)	(1)	5	2	-	2	7
1300 Mission expenses	220	(148)	(22)	50	17	1	18	68
Total Chapter 13	220	(148)	(22)	50	17	1	18	68
1400 Restaurants and canteens	1	(0)	-	0	-	-	-	0
1401 Medical expenses	18	6	-	24	2	-	2	26
1402 Childhood centre	100	(50)	-	50	-	-	-	50
1403 Social contacts	13	(13)	-	-	0	-	0	0
1404 Other social expenses	5	(2)	-	3	-	-	-	3
Total Chapter 14	137	(60)	-	77	3	-	3	80
1500 Training	60	(23)	4	41	21	-	21	61
Total Chapter 15	60	(23)	4	41	21	-	21	61
1600 Agency staff	260	325	-	585	108	-	108	693
1601 Seconded national experts (SNE)	72	(52)	(7)	13	-	-	-	13
1602 Trainees	80	-	31	111	5	-	5	116
1603 IT support	117	-	-	117	60	-	60	177
1604 Administrative assistance	263	(116)	(2)	145	16	-	16	161
1611 Translation	20	(8)	-	12	1	-	1	13
Total Chapter 16	812	149	21	982	191	-	191	1 172
1700 Representation	2	-	-	2	-	-	-	2
Total Chapter 17	2	-	-	2	-	-	-	2
Total Title 1	6 361	240	(14)	6 587	233	17	251	6 837

5.2.2 Breakdown & changes in payment appropriations – Title 2

EUR '000

Item	Budget appropriations				Additional appropriations			Total approp. available
	Initial budget adopted	Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	
2000 Renting	72	(7)	–	65	0	–	0	65
2002 Building insurance	2	(2)	–	–	–	–	–	–
2003 Water, gas, electricity, heating	30	(4)	–	26	16	0	16	42
2004 Cleaning, maintenance	35	(2)	–	33	28	–	28	61
2005 Security and surveillance	29	(10)	–	20	–	–	–	20
2006 Fitting out of premises	9	(6)	–	3	1	–	1	4
2009 Other building expenditure	7	–	1	8	1	–	1	10
Total Chapter 20	183	(30)	1	155	46	0	46	201
2100 ICT equipment acquisition	129	11	11	151	26	–	26	177
2101 ICT maintenance	226	16	–	242	57	–	57	299
Total Chapter 21	355	27	11	393	83	–	83	476
2200 Acquisition technical equipment	–	–	–	–	1	–	1	1
2212 Transport cost	19	(8)	–	11	0	–	0	11
2220 Acquisition of furniture	60	(55)	–	6	–	–	–	6
Total Chapter 22	79	(62)	–	17	1	–	1	17
2300 Stationery	5	(4)	–	2	3	–	3	4
2301 Postage and delivery	6	(5)	–	1	1	–	1	2
2302 Telecommunication	40	6	–	46	9	–	9	55
2303 Legal expenses and damages	–	–	–	–	116	–	116	116
2304 Handling and moving	2	(2)	–	–	–	–	–	–
2306 Honoraria for Governing Board (GB) members	158	–	2	160	2	–	2	162
2309 Other administrative expenditure	1	–	–	1	–	–	–	1
Total Chapter 23	211	(5)	2	209	131	–	131	340
2400 Official Journal	2	(2)	0	0	0	–	0	0
2402 Purchase information	–	17	–	17	–	–	–	17
2403 Studies and surveys	–	–	–	–	14	–	14	14
Total Chapter 24	2	15	0	17	14	–	14	31
2500 Governing Board (GB) meetings and travels	170	(80)	–	90	10	–	10	100
2520 Internal meetings	5	(4)	–	2	–	–	–	2
Total Chapter 25	175	(84)	–	92	10	–	10	101
Total Title 2	1 005	(138)	14	881	285	0	285	1 167

5.2.3 Breakdown & changes in payment appropriations – Title 3

EUR '000

Item	Initial budget adopted	Budget appropriations			Additional appropriations			Total available
		Amending budgets	Transfers	Final adopted budget	Carry-overs	Assigned revenue	Total	
	1	2	3	4=1+2+3	5	6	7=5+6	8=4+7
3000 Knowledge Innovation Communities (KIC) grants	508 237	26 662	–	534 899	9 637	3 385	13 022	547 921
Total Chapter 30	508 237	26 662	–	534 899	9 637	3 385	13 022	547 921
3111 Planning, reporting and audits	2 923	(700)	–	2 223	–	–	–	2 223
3112 Knowledge triangle integration	166	143	–	309	–	–	–	309
3113 Fostering growth and creating impact	50	–	–	50	–	–	–	50
3114 New Knowledge and Innovation Communities	5	–	–	5	–	–	–	5
Total Chapter 31	3 144	(557)	–	2 587	–	–	–	2 587
3202 Communications and dissemination	1 900	(940)	(15)	945	–	–	–	945
3203 Alumni	450	(330)	15	135	–	–	–	135
3204 Stakeholder relations	820	(370)	–	450	–	–	–	450
3205 Awards	320	(315)	–	5	–	–	–	5
Total Chapter 32	3 490	(1 955)	–	1 535	–	–	–	1 535
3301 EIT-KIC relations	71	(35)	–	36	–	–	–	36
3302 Simplification	67	(33)	–	34	–	–	–	34
3303 Monitoring and evaluation	255	(185)	–	70	–	–	–	70
Total Chapter 33	393	(253)	–	140	–	–	–	140
Total Title 3	515 264	23 898	–	539 161	9 637	3 385	13 022	552 183
GRAND TOTAL	522 629	24 000	0	546 629	10 155	3 403	13 558	560 187

5.3 Implementation of commitment appropriations

5.3.1 Implementation of commitment appropriations - Title 1

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12
1100 Basic salaries	2 700	2 566	-	-	2 566	95 %	-	-	-	134	-	-	134
1101 Allowances	1 113	946	-	-	946	85 %	-	-	-	167	-	-	167
1102 Employers charges	151	149	-	-	149	99 %	-	-	-	2	-	-	2
1110 Contract agents	1 010	968	-	-	968	96 %	-	-	-	42	-	-	42
1121 Entering / leaving	120	67	-	-	67	56 %	-	-	-	53	-	-	53
1130 Schooling	352	336	-	16	352	100 %	-	-	-	-	-	-	-
Total Chapter 11	5 447	5 032	-	16	5 048	93 %	-	-	-	398	-	-	398
1200 Recruitment expenses	5	4	-	-	4	82 %	-	-	-	1	-	-	1
Total Chapter 12	5	4	-	-	4	82 %	-	-	-	1	-	-	1
1300 Mission expenses	51	40	-	-	40	79 %	-	-	-	10	-	1	11
Total Chapter 13	51	40	-	-	40	79 %	-	-	-	10	-	1	11
1400 Restaurants and canteens	0	0	-	-	0	48 %	-	-	-	0	-	-	0
1401 Medical expenses	24	16	-	-	16	66 %	-	-	-	8	-	-	8
1402 Childhood centre	50	50	-	-	50	100 %	-	-	-	-	-	-	-
1404 Other social expenses	3	1	-	-	1	46 %	-	-	-	1	-	-	1
Total Chapter 14	77	67	-	-	67	87 %	-	-	-	10	-	-	10
1500 Training	41	38	-	-	38	93 %	-	-	-	3	-	-	3
Total Chapter 15	41	38	-	-	38	93 %	-	-	-	3	-	-	3
1600 Agency staff	585	536	-	-	536	92 %	-	-	-	49	-	-	49
1601 Seconded national experts (SNE)	13	11	-	-	11	82 %	-	-	-	2	-	-	2
1602 Trainees	111	94	-	-	94	85 %	-	-	-	16	-	-	16
1603 IT support	117	117	-	-	117	100 %	-	-	-	-	-	-	-
1604 Administrative assistance	145	139	-	-	139	96 %	-	-	-	6	-	-	6
1611 Translation	12	8	-	-	8	63 %	-	-	-	4	-	-	4
Total Chapter 16	982	904	-	-	904	92 %	-	-	-	78	-	-	78
1700 Representation	2	2	-	-	2	100 %	-	-	-	-	-	-	-
Total Chapter 17	2	2	-	-	2	100 %	-	-	-	-	-	-	-
Total Title 1	6 604	6 087	-	16	6 104	92 %	-	-	-	499	-	1	500

5.3.2 Implementation of commitment appropriations - Title 2

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
		1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12
2000 Renting	65	65	-	-	65	100%	-	-	-	0	-	-	0
2003 Water, gas, electricity, heating	26	26	-	-	26	100%	-	-	-	-	-	0	0
2004 Cleaning, maintenance	33	32	-	-	32	97%	-	-	-	1	-	-	1
2005 Security and surveillance	20	13	-	-	13	69%	-	-	-	6	-	-	6
2006 Fitting out of premises	3	2	-	-	2	76%	-	-	-	1	-	-	1
2009 Other building expenditure	8	8	-	-	8	100%	-	-	-	0	-	-	0
Total Chapter 20	155	147	-	-	147	95 %	-	-	-	8	-	0	8
2100 ICT equipment acquisition	151	151	-	-	151	100%	-	-	-	0	-	-	0
2101 ICT maintenance	242	237	-	-	237	98%	-	-	-	5	-	-	5
Total Chapter 21	393	388	-	-	388	99 %	-	-	-	5	-	-	5
2212 Transport cost	11	5	-	-	5	44%	-	-	-	6	-	-	6
2220 Acquisition of furniture	6	5	-	-	5	89%	-	-	-	1	-	-	1
Total Chapter 22	17	10	-	-	10	59 %	-	-	-	7	-	-	7
2300 Stationery	2	0	-	-	0	9%	-	-	-	1	-	-	1
2301 Postage and delivery	1	1	-	-	1	100%	-	-	-	-	-	-	-
2302 Telecommunication	46	42	-	-	42	91%	-	-	-	4	-	-	4
2306 Honoraria for Governing Board (GB) members	160	160	-	-	160	100%	-	-	-	-	-	-	-
2309 Other administrative expenditure	1	0	-	-	0	52%	-	-	-	0	-	-	0
Total Chapter 23	209	203	-	-	203	97 %	-	-	-	6	-	-	6
2400 Official Journal	0	0	-	-	0	71%	-	-	-	0	-	-	0
2402 Purchase information	17	17	-	-	17	99%	-	-	-	0	-	-	0
Total Chapter 24	17	17	-	-	17	99 %	-	-	-	0	-	-	0
2500 Governing Board (GB) meetings and travels	90	6	-	-	6	7%	-	-	-	84	-	-	84
2520 Internal meetings	2	1	-	-	1	70%	-	-	-	0	-	-	0
Total Chapter 25	92	7	-	-	7	8 %	-	-	-	85	-	-	85
Total Title 2	881	771	-	-	771	87 %	-	-	-	110	-	0	110

5.3.3 Implementation of commitment appropriations - Title 3

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
3000 Knowledge Innovation Communities (KIC) grants	603 455	533 962	66 026	34	600 022	99%	3 385	-	3 385	-	48	-	48
Total Chapter 30	603 455	533 962	66 026	34	600 022	99 %	3 385	-	3 385	-	48	-	48
3111 Planning, reporting and audits	2 080	2 079	-	-	2 079	100%	-	-	-	1	-	-	1
3112 Knowledge triangle integration	132	98	-	-	98	74%	-	-	-	34	-	-	34
3113 Fostering growth and creating impact	50	50	-	-	50	100%	-	-	-	0	-	-	0
Total Chapter 31	2 262	2 227	-	-	2 227	98 %	-	-	-	35	-	-	35
3202 Communications and dissemination	1 405	1 399	-	-	1 399	100%	-	-	-	6	-	-	6
3203 Alumni	262	207	-	-	207	79%	-	-	-	55	-	-	55
3204 Stakeholder relations	324	217	-	-	217	67%	-	-	-	107	-	-	107
3205 Awards	320	320	-	-	320	100%	-	-	-	-	-	-	-
Total Chapter 32	2 311	2 143	-	-	2 143	93 %	-	-	-	168	-	-	168
3301 EIT-KIC relations	86	86	-	-	86	100%	-	-	-	0	-	-	0
3302 Simplification	34	33	-	-	33	99%	-	-	-	0	-	-	0
3303 Monitoring and evaluation	229	217	-	-	217	95%	-	-	-	12	-	-	12
Total Chapter 33	348	336	-	-	336	96 %	-	-	-	12	-	-	12
Total Title 3	608 376	538 667	66 026	34	604 727	99 %	3 385	-	3 385	216	48	-	264

5.3.4 Implementation of commitment appropriations - Title 4

EUR '000

Item	Total approp. available	Commitments made					Appropriations carried over to 2021			Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Assign. revenue	By decision	Total	from final adopt. budget	from carry-overs	from assign. revenue	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9=7+8	10	11	12	13=10+11+12
4001 Cancelled appropriations of year n-1	9 226	-	-	-	-	0%	-	-	-	-	9 226	-	9 226
Total Chapter 40	9 226	-	-	-	-	0 %	-	-	-	-	9 226	-	9 226
Total Title 4	9 226	-	-	-	-	0 %	-	-	-	-	9 226	-	9 226
GRAND TOTAL	625 088	545 525	66 026	50	611 602	98 %	3 385	-	3 385	825	9 275	1	10 101

Title 4: These are cancelled appropriations that are not used in the financial year and can be re-entered in the following three financial years. Therefore, the execution rate of Title 4 will be always zero percentage.

5.4 Implementation of payment appropriations

5.4.1 Implementation of payment appropriations - Title 1

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021					Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total	
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13	
1100 Basic salaries	2 700	2 566	-	-	2 566	95 %	-	-	-	-	134	-	-	134	
1101 Allowances	1 113	946	-	-	946	85 %	-	-	-	-	167	-	-	167	
1102 Employers charges	151	149	-	-	149	99 %	-	-	-	-	2	-	-	2	
1110 Contract agents	1 010	968	-	-	968	96 %	-	-	-	-	42	-	-	42	
1121 Entering / leaving	120	67	-	-	67	56 %	-	-	-	-	53	-	-	53	
1130 Schooling	352	328	-	16	344	98 %	8	-	1	8	-	-	-	-	
Total Chapter 11	5 447	5 024	-	16	5 040	93 %	8	-	1	8	398	-	-	398	
1200 Recruitment expenses	7	4	2	-	6	84 %	0	-	-	0	1	-	-	1	
Total Chapter 12	7	4	2	-	6	84 %	0	-	-	0	1	-	-	1	
1300 Mission expenses	68	40	8	-	48	71 %	-	-	-	-	10	9	1	20	
Total Chapter 13	68	40	8	-	48	71 %	-	-	-	-	10	9	1	20	
1400 Restaurants and canteens	0	0	-	-	0	48 %	-	-	-	-	0	-	-	0	
1401 Medical expenses	26	16	2	-	18	68 %	0	-	-	0	8	-	-	8	
1402 Childhood centre	50	38	-	-	38	75 %	12	-	-	12	-	-	-	-	
1403 Social contacts	0	-	0	-	0	96 %	-	-	-	-	-	0	-	0	
1404 Other social expenses	3	1	-	-	1	43 %	0	-	-	0	1	-	-	1	
Total Chapter 14	80	54	3	-	57	72 %	13	-	-	13	10	0	-	10	
1500 Training	61	23	6	-	29	47 %	15	-	-	15	3	15	-	18	
Total Chapter 15	61	23	6	-	29	47 %	15	-	-	15	3	15	-	18	
1600 Agency staff	693	251	75	-	325	47 %	285	-	-	285	49	33	-	82	
1601 Seconded national experts (SNE)	13	4	-	-	4	28 %	7	-	-	7	2	-	-	2	
1602 Trainees	116	74	5	-	79	68 %	20	-	-	20	16	-	-	16	
1603 IT support	177	49	60	-	109	61 %	68	-	-	68	-	-	-	-	
1604 Administrative assistance	161	122	12	-	134	83 %	16	-	-	16	6	5	-	11	
1611 Translation	13	8	1	-	9	66 %	-	-	-	-	4	-	-	4	
Total Chapter 16	1 172	507	153	-	660	56 %	397	-	-	397	78	38	-	116	
1700 Representation	2	-	-	-	-	0 %	2	-	-	2	-	-	-	-	
Total Chapter 17	2	-	-	-	-	0 %	2	-	-	2	-	-	-	-	
Total Title 1	6 837	5 653	171	16	5 839	85 %	434	-	1	435	499	62	1	563	

5.4.2 Implementation of payment appropriations - Title 2

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021					Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total	
		2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13	
2000 Renting	65	39	0	-	40	61 %	25	-	-	25	0	0	-	0	
2003 Water, gas, electricity, heating	42	14	16	-	30	71 %	12	-	-	12	-	0	0	0	
2004 Cleaning, maintenance	61	3	24	-	27	44 %	29	-	-	29	1	4	-	5	
2005 Security and surveillance	20	13	-	-	13	68 %	0	-	-	0	6	-	-	6	
2006 Fitting out of premises	4	2	0	-	2	67 %	-	-	-	-	1	0	-	1	
2009 Other building expenditure	10	8	1	-	10	100 %	-	-	-	-	0	-	-	0	
Total Chapter 20	201	81	41	-	122	61 %	66	-	-	66	8	5	0	13	
2100 ICT equipment acquisition	177	115	26	-	141	79 %	36	-	-	36	0	0	-	1	
2101 ICT maintenance	299	189	52	-	242	81 %	48	-	-	48	5	4	-	9	
Total Chapter 21	476	304	78	-	382	80 %	84	-	-	84	5	5	-	10	
2200 Acquisition technical equipment	1	-	0	-	0	79 %	-	-	-	-	-	0	-	0	
2212 Transport cost	11	5	0	-	5	44 %	-	-	-	-	6	0	-	6	
2220 Acquisition of furniture	6	-	-	-	-	0 %	5	-	-	5	1	-	-	1	
Total Chapter 22	17	5	1	-	5	31 %	5	-	-	5	7	0	-	7	
2300 Stationery	4	0	3	-	3	65 %	-	-	-	-	1	0	-	1	
2301 Postage and delivery	2	1	0	-	1	69 %	0	-	-	0	-	0	-	0	
2302 Telecommunication	55	30	7	-	37	67 %	12	-	-	12	4	2	-	6	
2303 Legal expenses and damages	116	-	9	-	9	8 %	-	-	-	-	-	108	-	108	
2306 Honoraria for Governing Board (GB) members	162	157	2	-	158	98 %	3	-	-	3	-	1	-	1	
2309 Other administrative expenditure	1	0	-	-	0	52 %	-	-	-	-	0	-	-	0	
Total Chapter 23	340	187	21	-	208	61 %	15	-	-	15	6	110	-	116	
2400 Official Journal	0	0	0	-	0	97 %	-	-	-	-	0	-	-	0	
2402 Purchase information	17	17	-	-	17	99 %	-	-	-	-	0	-	-	0	
2403 Studies and surveys	14	-	14	-	14	100 %	-	-	-	-	-	-	-	-	
Total Chapter 24	31	17	14	-	31	100	-	-	-	-	0	-	-	0	

EUR '000

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
	1	2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
						%								
2500 Governing Board (GB) meetings and travels	100	6	2	-	8	8 %	-	-	-	-	84	8	-	92
2520 Internal meetings	2	1	-	-	1	70 %	-	-	-	-	0	-	-	0
Total Chapter 25	101	7	2	-	9	9 %	-	-	-	-	85	8	-	93
Total Title 2	1 167	601	157	-	757	65 %	170	-	-	170	110	129	0	239

EUR '000

5.4.3 Implementation of payment appropriations - Title 3

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
		2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11+12+13
3000 Knowledge Innovation Communities (KIC) grants	547 921	531 743	8 942	-	540 685	99 %	-	-	3 385	3 385	3 156	695	(34)	3 817
Total Chapter 30	547 921	531 743	8 942	-	540 685	99 %	-	-	3 385	3 385	3 156	695	(34)	3 817
3111 Planning, reporting and audits	2 223	2 187	-	-	2 187	98 %	-	-	-	-	36	-	-	36
3112 Knowledge triangle integration	309	207	-	-	207	67 %	-	-	-	-	102	-	-	102
3113 Fostering growth and creating impact	50	-	-	-	-	0 %	-	-	-	-	50	-	-	50
3114 New Knowledge and Innovation Communities	5	4	-	-	4	81 %	-	-	-	-	1	-	-	1
Total Chapter 31	2 587	2 399	-	-	2 399	93 %	-	-	-	-	188	-	-	188
3202 Communications and dissemination	945	822	-	-	822	87 %	-	-	-	-	123	-	-	123
3203 Alumni	135	126	-	-	126	94 %	-	-	-	-	9	-	-	9
3204 Stakeholder relations	450	442	-	-	442	98 %	-	-	-	-	8	-	-	8

Annual accounts of the European Institute of Innovation & Technology 2020

Item	Total approp. availab.	Payments made					Appropriations carried over to 2021				Appropriations lapsing			
		from final adopt. budget	from carry-overs	from assign. revenue	Total	%	Autom. carry-overs	By decision	Assigned rev.	Total	from final adopt. budget	from carry-overs	from assign. rev.	Total
		2	3	4	5=2+3+4	6=5/1	7	8	9	10=7+8+9	11	12	13	14=11 + 12+13
3205 Awards	5	5	-	-	5	100 %	-	-	-	-	-	-	-	-
Total Chapter 32	1 535	1 396	-	-	1 396	91 %	-	-	-	-	139	-	-	139
3301 EIT-KIC relations	36	22	-	-	22	62 %	-	-	-	-	14	-	-	14
3302 Simplification	34	7	-	-	7	20 %	-	-	-	-	27	-	-	27
3303 Monitoring and evaluation	70	55	-	-	55	79 %	-	-	-	-	15	-	-	15
Total Chapter 33	140	84	-	-	84	60 %	-	-	-	-	56	-	-	56
Total Title 3	552 183	535 622	8 942	-	544 564	99 %	-	-	3 385	3 385	3 539	695	(34)	4 200
GRAND TOTAL	560 187	541 876	9 269	16	551 160	98 %	605	-	3 386	3 991	4 149	886	(33)	5 002

6. OUTSTANDING COMMITMENTS

6.1 Outstanding commitments – Title 1

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
1100 Basic salaries	-	-	-	-	2 566	2 566	-	-	-
1101 Allowances	-	-	-	-	946	946	-	-	-
1102 Employers charges	-	-	-	-	149	149	-	-	-
1110 Contract agents	-	-	-	-	968	968	-	-	-
1121 Entering / leaving	-	-	-	-	67	67	-	-	-
1130 Schooling	-	-	-	-	352	344	-	8	8
Total Chapter 11	-	-	-	-	5 048	5 040	-	8	8
1200 Recruitment expenses	2	-	2	-	4	4	-	0	0
Total Chapter 12	2	-	2	-	4	4	-	0	0
1300 Mission expenses	17	(9)	8	-	40	40	-	-	-
Total Chapter 13	17	(9)	8	-	40	40	-	-	-
1400 Restaurants and canteens	-	-	-	-	0	0	-	-	-
1401 Medical expenses	2	-	2	-	16	16	-	0	0
1402 Childhood centre	-	-	-	-	50	38	-	12	12
1403 Social contacts	0	(0)	0	-	-	-	-	-	-
1404 Other social expenses	-	-	-	-	1	1	-	0	0
Total Chapter 14	3	(0)	3	-	67	54	-	13	13
1500 Training	21	(15)	6	-	38	23	-	15	15
Total Chapter 15	21	(15)	6	-	38	23	-	15	15
1600 Agency staff	108	(33)	75	-	536	251	-	285	285
1601 SNE national experts (SNE)	-	-	-	-	11	4	-	7	7
1602 Trainees	5	-	5	-	94	74	-	20	20
1603 IT support	60	-	60	-	117	49	-	68	68
1604 Administrative assistance	16	(5)	12	-	139	122	-	16	16
1611 Translation	1	-	1	-	8	8	-	-	-
Total Chapter 16	191	(38)	153	-	904	507	-	397	397
1700 Representation	-	-	-	-	2	-	-	2	2
Total Chapter 17	-	-	-	-	2	-	-	2	2
Total Title 1	233	(62)	171	-	6 104	5 668	-	435	435

6.2 Outstanding commitments – Title 2

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried for- ward from pre- vious year	Decommit. Revaluation Cancel- lations	Pay- ments	Total	Commit- ments made during the year	Pay- ments	Cancel- lation of commit. which cannot be carried forward	Commit. outstand- ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	
2000 Renting	0	(0)	0	-	65	39	-	25	25
2003 Water, gas, electricity, heating	16	(0)	16	-	26	14	-	12	12
2004 Cleaning, maintenance	28	(4)	24	-	32	3	-	29	29
2005 Security and surveillance	-	-	-	-	13	13	-	0	0
2006 Fitting out of premises	1	(0)	0	-	2	2	-	-	-
2009 Other building expenditure	1	-	1	-	8	8	-	-	-
Total Chapter 20	46	(5)	41	-	147	81	-	66	66
2100 ICT equipment acquisition	26	(0)	26	-	151	115	-	36	36
2101 ICT maintenance	57	(4)	52	-	237	189	-	48	48
Total Chapter 21	83	(5)	78	-	388	304	-	84	84
2200 Acquisition technical equipment	1	(0)	0	-	-	-	-	-	-
2212 Transport cost	0	(0)	0	-	5	5	-	-	-
2220 Acquisition of furniture	-	-	-	-	5	-	-	5	5
Total Chapter 22	1	(0)	1	-	10	5	-	5	5
2300 Stationery	3	(0)	3	-	0	0	-	-	-
2301 Postage and delivery	1	(0)	0	-	1	1	-	0	0
2302 Telecommunication	9	(2)	7	-	42	30	-	12	12
2303 Legal expenses and damages	116	(108)	9	-	-	-	-	-	-
2306 Honoraria for Governing Board (GB) members	2	(1)	2	-	160	157	-	3	3
2309 Other administrative expenditure	-	-	-	-	0	0	-	-	-
Total Chapter 23	131	(110)	21	-	203	187	-	15	15
2400 Official Journal	0	-	0	-	0	0	-	-	-
2402 Purchase information	-	-	-	-	17	17	-	-	-
2403 Studies and surveys	14	-	14	-	-	-	-	-	-
Total Chapter 24	14	-	14	-	17	17	-	-	-
2500 Governing Board (GB) meetings and travels	10	(8)	2	-	6	6	-	-	-
2520 Internal meetings	-	-	-	-	1	1	-	-	-
Total Chapter 25	10	(8)	2	-	7	7	-	-	-
Total Title 2	285	(129)	157	-	771	601	-	170	170

6.3 Outstanding commitments – Title 3

EUR '000

Item	Commitments outstanding at the end of previous year				Commitments of the current year				Total commitm. outstanding at year-end
	Commitm. carried forward from previous year	Decommit. Revaluation Cancellations	Pay-ments	Total	Commit-ments made during the year	Pay-ments	Cancel-lation of commit. which cannot be carried forward	Commit. outstand-ing at year-end	
	1	2	3	4=1+2-3	5	6	7	8=5-6-7	9=4+8
3000 Knowledge Innovation Communities (KIC) grants	141 018	(18 493)	122 526	–	600 022	418 159	–	181 863	181 863
Total Chapter 30	141 018	(18 493)	122 526	–	600 022	418 159	–	181 863	181 863
3111 Planning, reporting and audits	1 866	(64)	1 802	–	2 079	386	–	1 693	1 693
3112 Knowledge triangle integration	233	(14)	170	49	98	37	–	61	110
3113 Fostering growth and creating impact	–	–	–	–	50	–	–	50	50
3114 New Knowledge and Innovation Communities	4	(0)	4	–	–	–	–	–	–
Total Chapter 31	2 103	(78)	1 976	49	2 227	423	–	1 804	1 853
3202 Communications and dissemination	1 833	(111)	822	900	1 399	1	–	1 398	2 298
3203 Alumni	156	(29)	126	–	207	0	–	207	207
3204 Stakeholder relations	510	(80)	430	–	217	13	–	205	205
3205 Awards	5	–	5	–	320	–	–	320	320
Total Chapter 32	2 503	(221)	1 383	900	2 143	14	–	2 129	3 029
3301 EIT-KIC relations	26	(4)	22	–	86	–	–	86	86
3302 Simplification	–	–	–	–	33	7	–	27	27
3303 Monitoring and evaluation	25	(2)	23	–	217	32	–	184	184
Total Chapter 33	51	(6)	45	–	336	39	–	297	297
Total Title 3	145 676	(18 798)	125 929	949	604 727	418 635	–	186 093	187 041
GRAND TOTAL	146 194	(18 989)	126 257	949	611 602	424 904	–	186 698	187 647

7. GLOSSARY

Administrative appropriations

Appropriations to cover the running costs of the entities (staff, buildings, office equipment).

Adopted budget

Draft budget becomes the adopted budget as soon as approved by the budgetary authority.

Amending budget

Decision adopted during the budget year to amend (increase, decrease, transfer) aspects of the adopted budget of that year.

Appropriations

Budget funding.

The budget forecasts both commitments (legal pledges to provide finance) and payments (cash or bank transfers to the beneficiaries). Appropriations for commitments and payments often differ — differentiated appropriations — because multiannual programmes and projects are usually fully committed in the year they are decided and are paid over the years as the implementation of the programme and project progresses.

Assigned revenue

Revenue dedicated to finance specific items of expenditure.

Budget result

The difference between income received and amounts paid, including adjustments for carry-overs, cancellations and exchange rate differences.

For agencies, the resulting amount will have to be reimbursed to the funding authority.

Budget implementation

Consumption of the budget through expenditure and revenue operations.

Budget item / Budget line / Budget position

Revenue and expenditure are shown in the budget structure in accordance with a binding nomenclature, which reflects the nature and purpose of each item, as imposed by the budgetary authority. The individual headings (title, chapter, article or item) provide a formal description of the nomenclature.

Budgetary commitment

Operation by which the authorising officer responsible reserves the budget appropriations necessary to cover for subsequent payments to honour legal commitments.

Cancellation of appropriations

Appropriations which have not been used by the end of the financial year and which cannot be carried over, shall be cancelled.

Carryover of appropriations

Exception to the principle of annuality in so far as appropriations that could not be used in a given budget year may, under strict conditions, be exceptionally carried over for use during the following year.

Commitment appropriations

Commitment appropriations cover the total value of legal obligations (contracts, grant agreements or decisions) that could be signed in the current financial year.

De-commitment

Operation whereby the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment.

Differentiated appropriations

Differentiated appropriations are used to finance multiannual operations; they cover, for the current financial year, the total cost of the legal obligations entered into for operations whose implementation extends over more than one financial year.

Economic result

Impact on the balance sheet of expenditure and revenue based on accrual accounting rules.

Entitlements established

Right to collect income from a debtor as recognised through the issuing of a recovery order.

Exchange rate difference

The difference resulting from currency exchange rates applied to the transactions concerning countries outside the euro area, or from the revaluation of assets and liabilities in foreign currencies at the date of the accounts.

Expenditure

Term used to describe spending the budget from all types of funds sources.

Grants

Direct financial contributions from the budget to third-party beneficiaries, engaged in activities that serve Union policies.

Lapsing appropriations

Unused appropriations to be cancelled at the end of the financial year. Lapsing means the cancellation of all or part of the authorisation to make expenditures and/or incur liabilities, as represented by an appropriation.

For joint undertakings (and EIT), as specified in their Financial Rules, any unused appropriations may be entered in the estimate of revenue and expenditure of up to the following three financial years (the so-called "N+3" rule). Hence, lapsing appropriations for JUs can be re-activated until financial year "N+3".

Legal basis / basic act

The legal act adopted by the legislative authority (usually the Council and European Parliament) specifying the objective of a Union spending programme, the purpose of the appropriations, the rules for intervention, expiry date and the relevant financial rules to serve as a legal basis for the implementation of the spending programme.

Legal commitment

The act whereby the Authorising Officer enters into an obligation towards third parties which results in a charge for the Union budget.

Common forms of legal commitments are contracts in the case of procurement, grant agreements and grant decisions.

Non-differentiated appropriations

Appropriations which meet annual needs and must therefore be committed during the budget year. Only amounts qualifying for automatic carryover can be disbursed in the following year. Non-differentiated appropriations which have not been used, i.e. committed, by the end of the year, are cancelled (unless, exceptionally, permission is given by a Commission decision for a non-automatic carryover). Non-differentiated appropriations apply to administrative expenditure and commitment appropriations equal payment appropriations.

Operational appropriations

Operational appropriations finance the different policies, mainly in the form of grants or procurement.

Outstanding commitments

Outstanding commitments (or RAL, from the French 'reste à liquider') are defined as the amount of appropriations committed that have not yet been paid. They stem directly from the existence of multiannual programmes and the dissociation between commitment and payment appropriations.

Payment appropriations

Payment appropriations cover expenditure due in the current year, arising from legal commitments entered in the current year and/or earlier years.

RAL (Reste à liquider)

Amount remaining to be paid on a budgetary commitment at a given moment. Cf. Outstanding commitments

Surplus

Positive difference between revenue and expenditure, which has to be returned to the funding authority. Cf. Budget result

Transfer between budget lines

Transfers between budget lines imply the relocation of appropriations from one budget line to another, in the course of the financial year, and thereby they constitute an exception to the budgetary principle of specification.