

EIT & KNOWLEDGE & INNOVATION COMMUNITIES GOVERNANCE

Good governance & supervision framework



GOVERNANCE SYSTEM

EIT



Partnership Agreement

KIC (example structure)



EIT GOVERNING BOARD – ROLES AND RESPONSIBILITIES

- **15 members** appointed following an open call
- Representing **higher education, research, innovation and business**
- **Steering and monitoring** the activities of the EIT
- **Strategic decision-making**
 - Adopting the EIT's work programme
 - Allocation of EIT funding to KICs
 - Selection and designation of new KICs
 - Supervising the KICs and taking corrective measures

EIT GOVERNING BOARD – FUNDING AND SUPERVISION

Performance-based funding

- Impact-led planning and performance-based funding
- Incentivising performance and progress towards Financial Sustainability
- Annual performance review linked to EIT grant allocation

Supervision and steering

- Continuous monitoring
- Periodic evaluations (3, 7, 10 and 15 years)
- Strategic guidance and recommendations
- Corrective measures in case of non-compliance or underperformance

KIC governance and management systems

- „KICs shall have substantial autonomy to establish their internal organisation and composition”
- Transparent governance arrangements
- Balance across the knowledge triangle
- Governance and management bodies to reflect diversity
- Separate the supervisory functions from the operations
- Transparent and competitive selection
- Independent Board members
- Lean and cost-efficient management structure

GOOD GOVERNANCE PRINCIPLES



Balanced
partnership



Checks and
balances



Ownership vs
Management



Size fit for
purpose



Quality decision-
making process



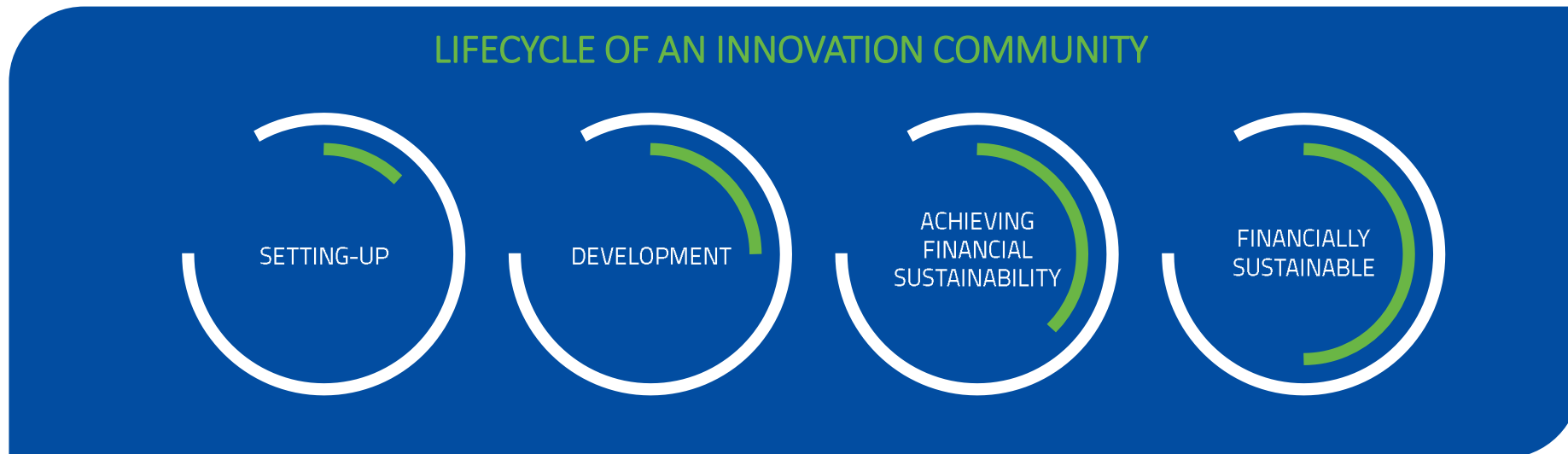
Acting in best
interest and
good conduct

FINANCIAL SUSTAINABILITY



FINANCIAL SUSTAINABILITY

- Gradual reduction of dependence from EIT funding per Financial Sustainability principles adopted in May 2021
- Integral objective of the business model
- Essential to mobilise other sources of financing for EIT-funded and non EIT-funded activities to maintain Knowledge Triangle Integration (Innovation, Education, Business Creation) and ecosystems activities, including EIT Regional Innovation Scheme (RIS)

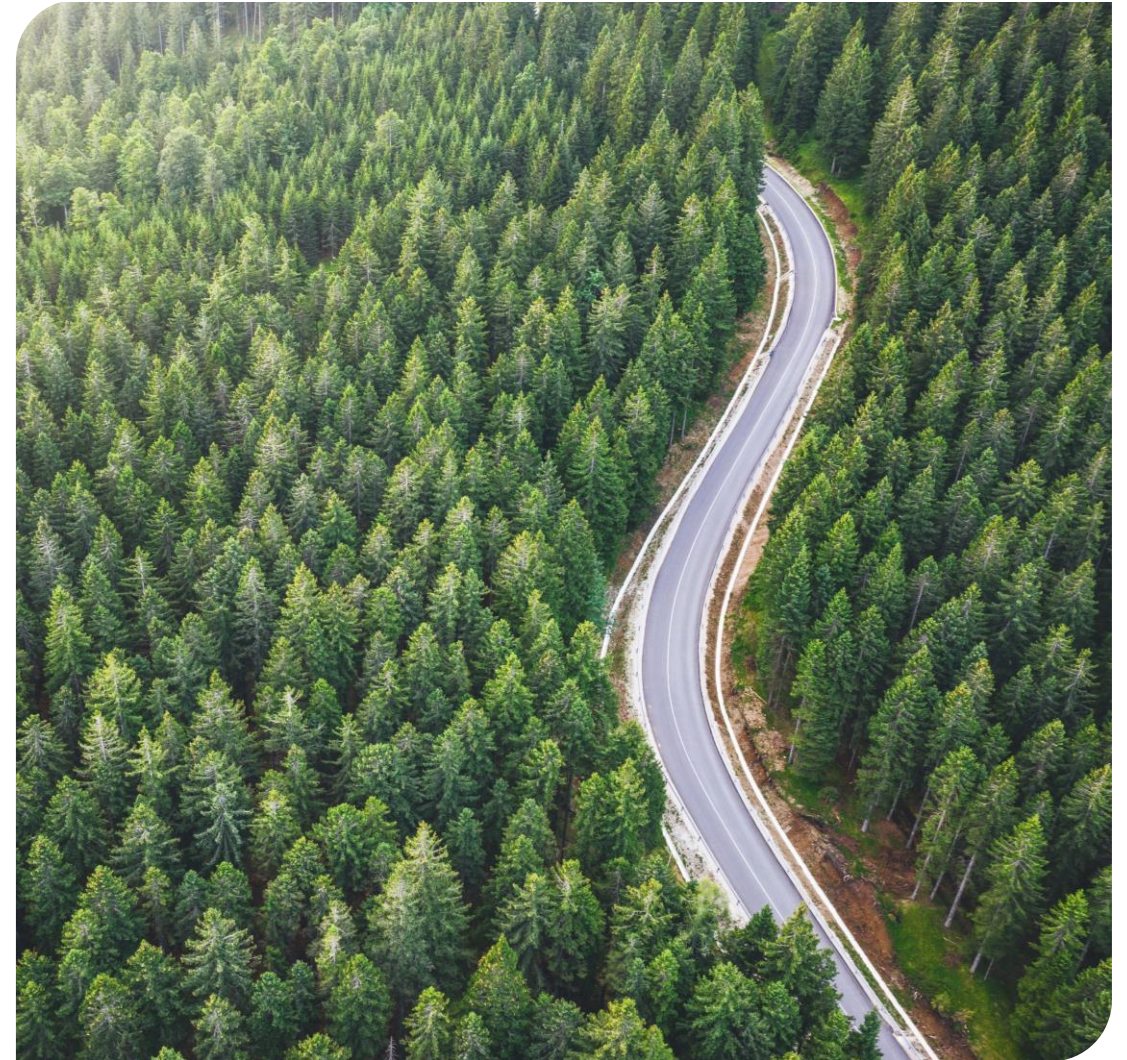


MAIN ELEMENTS OF KICS FINANCIAL SUSTAINABILITY

- Developing short and mid-term revenues (fees, equity, revenue-sharing, IP revenues...) from core activities, but also from EIT Regional Innovation Scheme (RIS) and Global Outreach activities
- Developing investment initiatives (own investment funds, sponsoring the creation of funds of funds, investing own funds...) for mid to long-term income / revenues
- Developing strong programmes ("assets") that can attract increasing co-funding from partners and/or financing from other organisations to activities (Innovation, Education, Business Creation...) and ecosystems activities
- Developing close collaborations with partner organisations such as EIF, EIB and EIC, including for co-investment opportunities in supported start-ups / scale-ups / innovation projects, for mid- to long-term income / revenues
- Developing a Financial Sustainability mentality / approach including with EIT Alumni members ("next generation")

KEY ASPECTS

- Diversification of sources of revenues and financing
- Good financial sustainability planning
- Amounts of short-term revenues from activities
- Developing financial assets for mid-term revenues
- Beneficial commercial agreements between Knowledge & Innovation Communities and partners





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EIT FUNDING MODEL & CONTRACTUAL RELATIONS



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EIT OPERATIONAL MODEL

- EIT KICs are Institutionalised European Partnerships
 - ✓ Alignment with Horizon Europe priorities and indicators
 - ✓ Appropriate balance between the sides of the knowledge triangle
- Continuous openness and transparency during implementation
 - ✓ Expansion of partnership through clear accession and exit criteria
 - ✓ Identifying and selecting projects through open calls, continuous monitoring and portfolio management
- Compliance with EIT's good governance principles
 - ✓ Efficient and cost-effective structure comprising of a Legal Entity and innovation hubs
 - ✓ Clear decision making, supervision, and executive functions

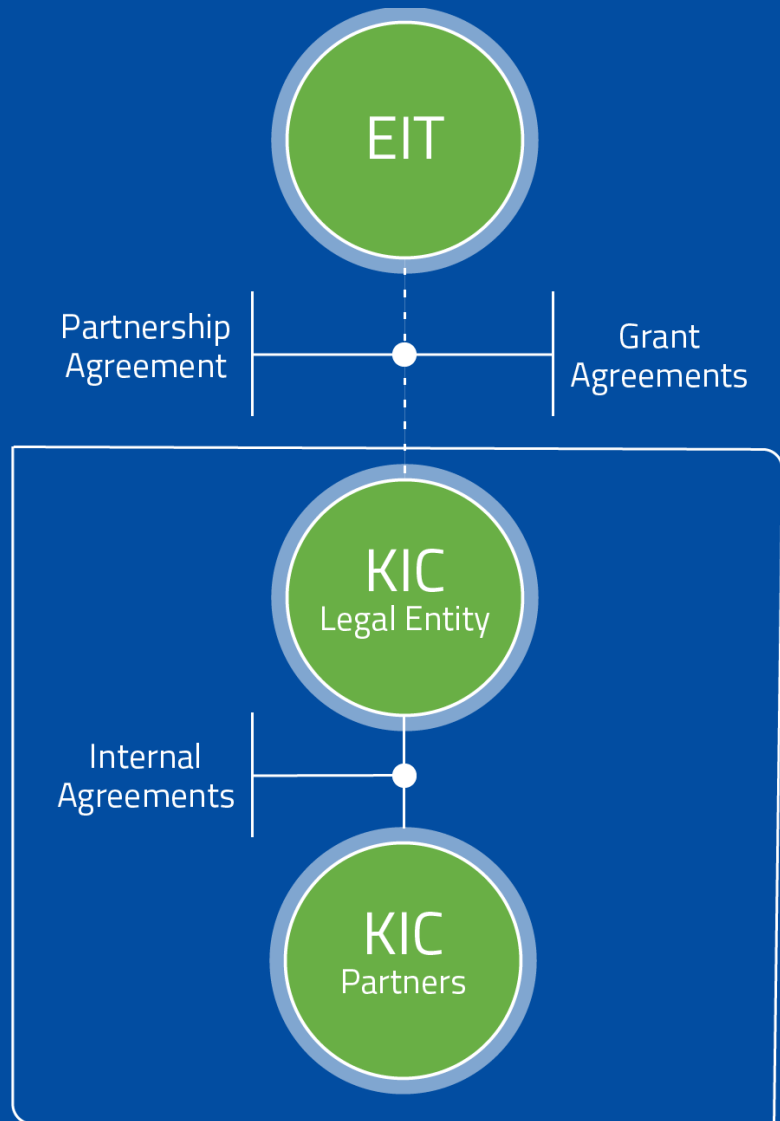
EIT FUNDING MODEL

- Lean funding model to enhance impact and incentivise commitment from partners
 - ✓ Gradually reducing EIT funding rate linked to maturity in order to increase the level of private and public investment and facilitate transition towards financial sustainability
 - ✓ Performance-based funding linked to progress made in pertinent areas
 - ✓ Reinforced mechanisms through continuous monitoring and periodic reviews, applying preventive and/or corrective actions
- Alignment with Horizon Europe in terms of funding implementation mechanisms, payment modalities, cost eligibility rules and control strategies
- Use of multiannual grants and Commission systems / models for sake of simplification

PERFORMANCE-BASED FUNDING

- Performance based funding allocation criteria
 - ✓ Progress in implementing multiannual strategy
 - ✓ Financial sustainability
 - ✓ Effectiveness of knowledge triangle integration measured by key performance indicator
 - ✓ Financial performance (grant absorption, error rate)
 - ✓ Non-financial performance (diversity, EIT/EU co-branding)
 - ✓ Business Plan (i) excellence; (ii) impact; and (iii) quality and efficiency of implementation
- Earmarked allocation for strategically important objectives
 - ✓ EIT Regional Innovation Scheme
 - ✓ Joint EIT Community activities (cross-KIC) and shared services
 - ✓ EIT Higher Education Initiative

CONTRACTUAL RELATION EIT & INNOVATION COMMUNITIES



- Innovation Communities are selected through Call for Proposals
- **Start-up Grant Agreement** in first year after designation
- After start-up, long-term cooperation established by a **Partnership Agreement** including **Strategic Agenda**
- EIT finances activities through **Specific Grant Agreements; Business Plans and Reports** covering portfolio or activities
- KIC is autonomous to select its partners and activities, regulated through **internal arrangements**



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EIT GRANT LIFECYCLE



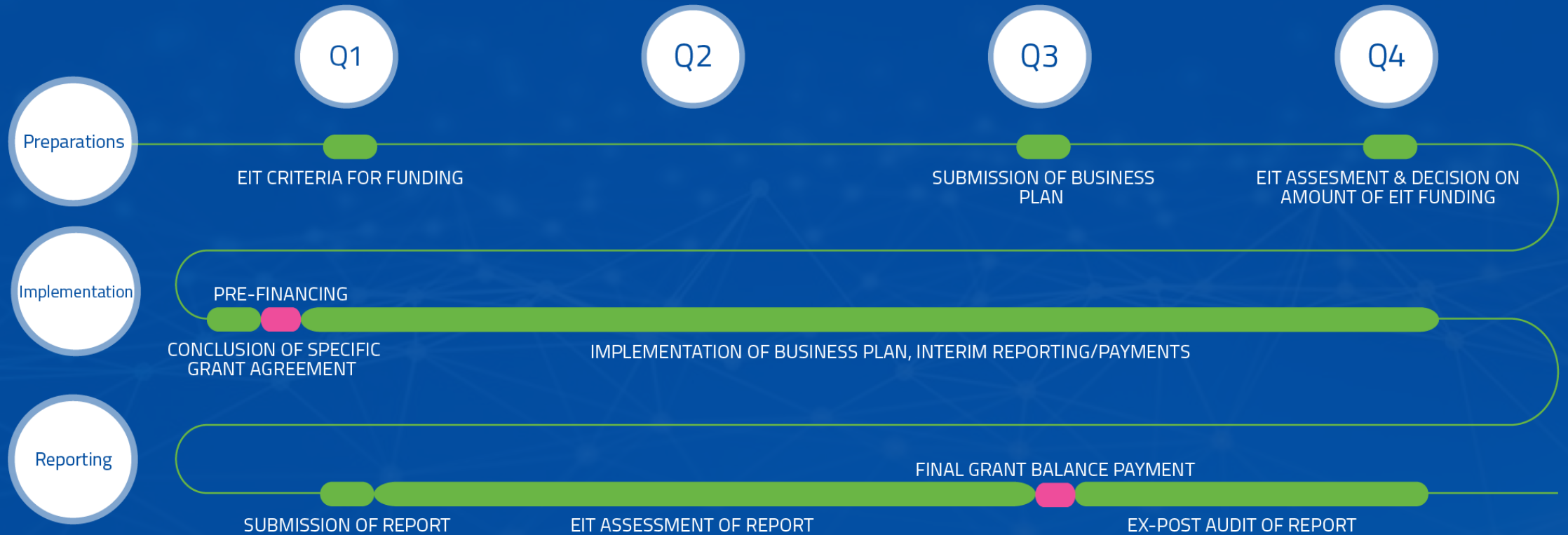
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EIT GRANT LIFECYCLE

- EIT Call for Business Plans & guidelines – Horizon Europe templates
- Business Plans preparations - multiannual
- Transition to European Commission tools for submission, evaluation, Grant Agreement signature, amendments, reporting
- EIT Funding Allocation - Hearings & Governing Board Decision
- Multi annual Grant Agreement signature – pre-financing
- Continuous monitoring of the implementation – strategy and operations
- Grant Reporting (interim and final) – payment of the balance
- Grant assurance

EIT GRANT CYCLE



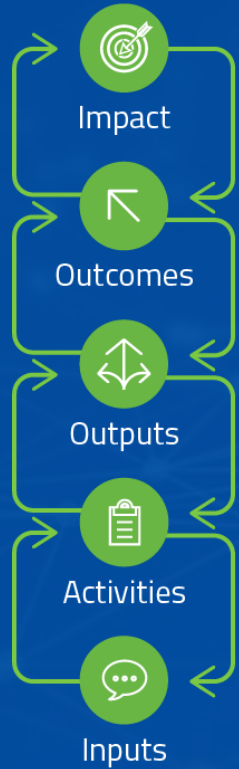
BUILDING BLOCKS OF GRANT ASSURANCE



EIT IMPACT MODEL



EIT IMPACT MODEL



HORIZON EUROPE IMPACT PATHWAY INDICATORS





SOCIETAL/ECONOMIC/ INNOVATION IMPACT	SHORT-TERM	MEDIUM-TERM	LONGER-TERM
Addressing EU policy priorities through R&I	OUTPUTS Number of outputs addressing EU policy priorities	SOLUTIONS Number of innovations and scientific results	BENEFITS Aggregated estimated effects on tackling EU policy priorities
Generating innovation-based growth	INNOVATIVE OUTPUTS Number of innovate products, processes or methods	INNOVATIONS Number of innovations from FP projects incl. from awarded IPRS	ECONOMIC GROWTH Creation, growth & market shares of companies with FP innovations
Creating more and better jobs	SUPPORTED EMPLOYMENT Number of FTE jobs created	SUSTAINABLE EMPLOYMENT Increase of FTE jobs in beneficiary entities	TOTAL EMPLOYMENT Number of direct & indirect jobs created/maintained due to diffusion on FP results
Leveraging investments in R&I	CO-INVESTMENT Amount of public & private investment mobilised	SCALING-UP Amount of public & private investment mobilised to exploit or scale-ups FP results	CONTRIBUTION TO 3% GDP TARGET

IMPACT OF EIT COMMUNITY IN INNOVATION

ECONOMIC IMPACT

-  Revenues of companies
-  New jobs created
-  Jobs at risk sustained
-  Sustainable innovation ecosystems

SOCIETAL IMPACT

-  Enhanced use of renewable power sources
-  Reduced greenhouse emissions
-  Reduced food waste and food loss
-  Improved disease treatment/prevention

EDUCATIONAL IMPACT

-  High employment
-  Reinforced capacity of higher education
-  HEIs integration into innovation ecosystems

INNOVATION IMPACT PATHWAY



Innovations addressing
societal challenges
developed

Innovations launched on
the market

Innovation-based
growth & societal
benefits

BUSINESS CREATION IMPACT PATHWAY



Start-ups created and supported

Start-ups up-scaled and sustained

Economic growth
New and better jobs
Societal benefits

EDUCATION IMPACT PATHWAY

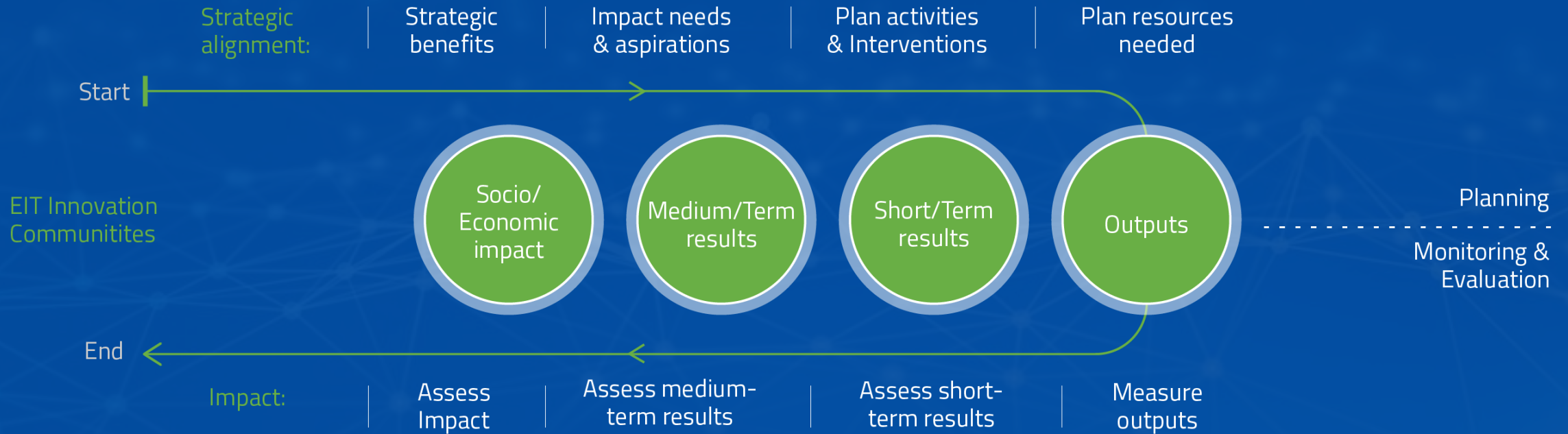


EIT programmes for
entrepreneurial education
Critical mass of
entrepreneurial people

Enhanced entrepreneurship skills and
competencies to innovate and address
societal challenges
Start-ups created by EIT students

Economic growth
New and better jobs
High employment
Societal benefits

VALUE OF THE IMPACT FRAMEWORK



STRATEGY AND PLANNED IMPACT

Vision	Vision in one sentence (max 30 words)					
Mission	Mission in one sentence (max 30 words)					
Strategic objective (max 5 strategic objectives)	Problem/ issue related to the societal challenge	Main activities to reach strategic objectives	Societal and economic impact to be created by 2030 (definitions)	Impact KPIs	Targets to be achieved by 2030	Source of verification (to be completed only for the societal impacts)

HOW TO USE THE IMPACT FRAMEWORK FOR YOUR APPLICATION

Code	KPIs	2024	2025	2026	2027	2028	2029	2030	Total
EITHE01.1	#Designed/Tested Innovations								
EITHE01.3 EITRIS	EIT RIS Designed/Tested Innovations	Please include the target (% of the above KPI) for the period.							
EITHE01.4 EITRIS	#EIT RIS Countries – Designed/Tested Innovations	Please include the target (% of the above KPI) for the period.							
EITHE02.1	#Marketed Innovations								
EITHE02.2 EITRIS	EIT RIS Marketed Innovations	Please include the target (% of the above KPI) for the period.							
EITHE03.1	#Supported Start-ups/Scale-ups								
EITHE03.2 EITRIS	EIT RIS Start-ups/Scale-ups Supported	Please include the target (% of the above KPI) for the period.							
EITHE05.1	#Start-ups created of EIT labelled MSc/PhD programmes								

EVALUATIONS

First Partnership Agreement

Second Partnership Agreement

